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ABSTRACT

This report, one segment of the first phase of the Indiana Higher Education Facilities Comprehensive Planning Study, covers major items of financial income and expenditures in colleges and universities in Indiana encompassing data from 1957-58 through 1966-67. Chapters concern capital financing, endowment funds, total educational and general income in Indiana institutions of higher education, and total educational and general expenditures in Indiana institutions of higher education. Appendixes include financial data for Indiana and the United States, definitions, and tax credit law. (Related documents are HE 004 005, HE 004 007, and HE 004 047.) (MJM)

ED 076112

Higher Education in Indiana

Needs and Resources 1968-1985 Current Status Report 1

FINANCES

Indiana Advisory Commission on Academic Facilities

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HIGHER EDUCATION IN INDIANA

NEEDS AND RESOURCES 1966-85

CURRENT STATUS REPORT:

FINANCES

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Prepared for
THE INDIANA ADVISORY COMMISSION ON ACADEMIC FACILITIES

in Cooperation with
THE INDIANA CONFERENCE ON HIGHER EDUCATION

1968

FOREWORD

This report represents one segment of the first phase of the Indiana Higher Education Facilities Comprehensive Planning Study that was begun in the summer of 1967 under the sponsorship of the Indiana Advisory Commission on Academic Facilities. Funds for the project were made available to the commission by the U.S. Office of Education under the Higher Education Facilities Act of 1963 (P.L. 88-204). Cooperating in the study with the advisory commission is the Indiana Conference on Higher Education, a voluntary organization of thirty-eight Indiana colleges and universities. The Needs and Resources Committee of the Indiana Conference worked with the study director in developing the scope and outline of the study.

This study has two primary objectives. First, we hope to develop a detailed look at the future needs and expected resources of the institutions of higher education in Indiana and the likely impact of various alternative policy actions. We will attempt to present this information in a form that will be useful in the planning processes of the Indiana Conference on Higher Education, the Advisory Commission on Academic Facilities, the U.S. Office of Education, and the Indiana General Assembly. Secondly, we have designed the study to facilitate its utilization by the individual institutions of higher learning in the state. Although the published reports from the project will deal only with groups of institutions or statewide totals, we will also supply each institution cooperating in the study with detailed confidential information about its own institution. This has already been done in the areas of enrollment projections and

facilities inventory-space utilization analysis, and the approach will be continued in the remaining phases of the study. These data will allow each institution to see how it compares with the statewide findings and should also further its data base development and planning efforts.

The general research design of the over-all study is presented in an outline-flow chart form. During this first year of the study, the focus has been mainly on the development of a comprehensive survey of the current scale and composition of higher education in Indiana. This phase is culminated with the publication of six "current status" reports. These are based on surveys conducted during the 1967-68 academic year and cover facilities inventory-space utilization, programs and faculty and staff, finances, student migration patterns, and preliminary projections of student enrollments. The sixth report summarizes the findings and implications of the surveys.

The second year of the study will be devoted to the long-run forecast of needs and resources. Special studies will be conducted of future space needs, the composition of the future demand for higher education, future faculty and staff needs, and expected revenues. In addition, a simulation model of Indiana higher education will be constructed that will allow us to test the impact of alternative assumptions about future growth patterns in higher education in the state. For instance, we will be able to assess the needs and resources effects of such factors as alternative faculty salary assumptions, changes in the demand for various types of academic programs, and alternative allocations of enrollments between private and public institutions.

Our study obviously could not be successful without the fullest cooperation of the institutions involved. To say that this cooperation has been superb would be an understatement. The schools committed themselves to the project in the summer of 1967 and held to that commitment throughout the year. They not only allowed the study staff access to their records, but they also assumed the responsibility of developing much of the raw data. We know this was a particular imposition on their limited time and staff resources in many cases, and we can only hope that their efforts will prove beneficial to the long-run development of higher education in the state.

Finally, a special word of thanks is in order to the Graduate School of Business and the Bureau of Business Research at Indiana University. Although the study is not an official Bureau project, the School of Business has released part of my time to serve as study director for the project, and the study has been housed in and received the support of the Bureau of Business Research. Without the advice and assistance of the Bureau staff, logistical and research support problems would have been much more difficult.

Charles F. Bonser
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Graduate School of Business
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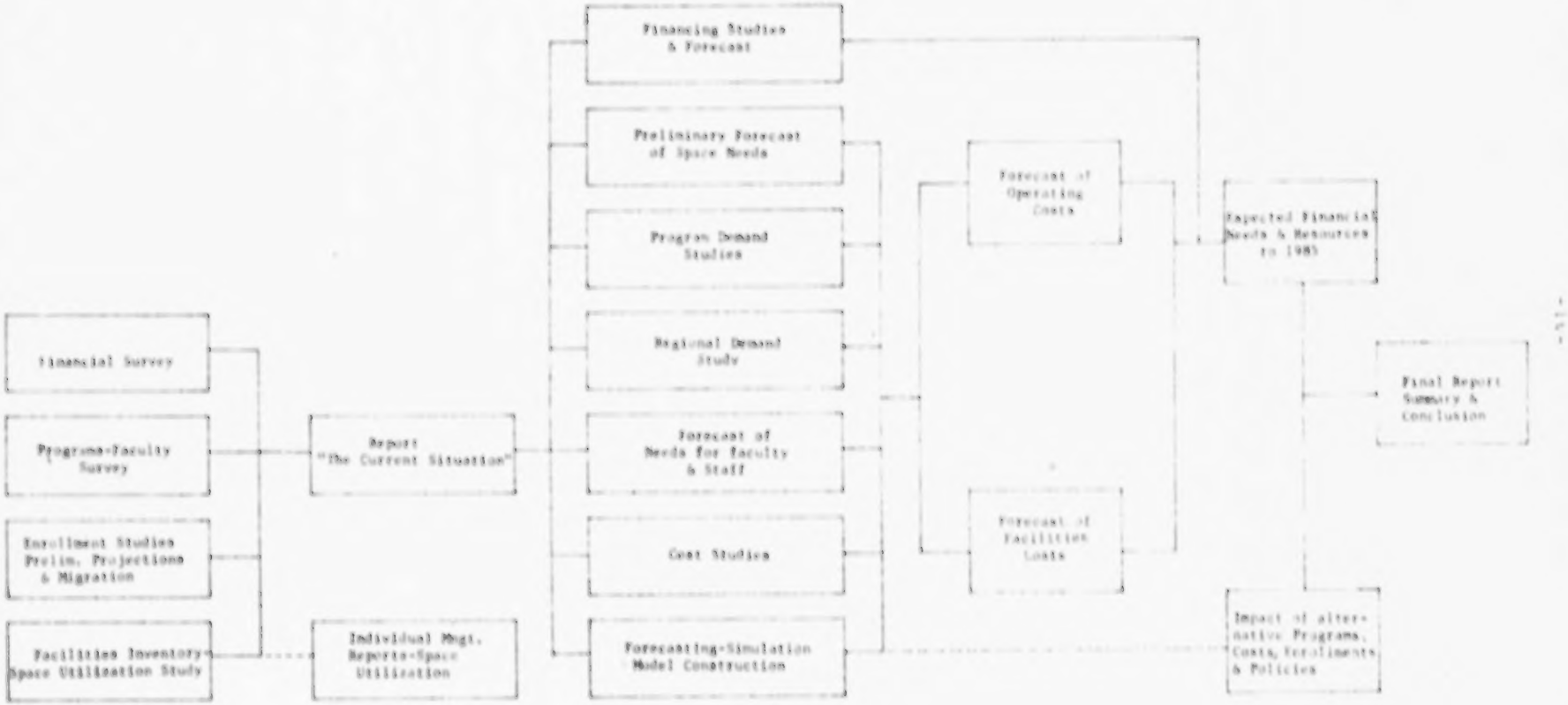
1967 July | 1968 Jan. | July | 1969 Jan. | July

PROPOSED WORK SCHEDULE

INDIANA HIGHER EDUCATION FACILITIES STUDY


Financing Studies & Forecast
Preliminary Forecast of Space Needs
Program Demand Studies
Regional Demand Study
Forecast of Needs for Faculty & Staff
Cost Studies
Forecasting-Simulation Model Construction
Financial Survey
Programs-Faculty Survey
Enrollment Studies Prelim. Projections & Migration
Facilities Inventory-Space Utilization Study
Report "The Current Situation"
Individual Mngt. Reports-Space Utilization
Forecast of Operating Costs
Forecast of Facilities Costs
Expected Financial Needs & Resources to 1985
Impact of alternative Programs, Costs, Enrollments & Policies
Final Report Summary & Conclusion

PREFACE

This document, dealing with the major items of financial income and expenditures in colleges and universities in Indiana, encompasses data from 1957-58 through 1966-67. Data for the fiscal year 1968 will not become available until Nov. 30, 1968, and is therefore not included in this study.

The following institutions are participants in the current status survey:

Anderson College
Ball State University
Bethel College
Butler University
Christian Theological Seminary
DePauw University
Earlham College
Fort Wayne Bible College
Franklin College
Goshen College
Grace Theological Seminary
Hanover College
Herron School of Art
Huntington College
Indiana Central College
Indiana Institute of Technology
Indiana State University
Indiana University
Manchester College
Marian College
Marion College
Oakland City College
Purdue University
Rose Polytechnic Institute
St. Benedict College
St. Francis College
St. Joseph's College
St. Mary-of-the-Woods College
St. Mary's College
St. Meinrad Seminary
Taylor University
Tri-State College
University of Evansville
University of Notre Dame
Valparaiso Technical Institute
Valparaiso University
Vincennes University Junior College
Wabash College

In September of 1967 permission was requested and granted by each college and university in Indiana to release financial data previously submitted to the U.S. Office of Education of the Department of Health, Education, and Welfare in Washington, D.C. Copies of the document "Financial Statistics of Institutions of Higher Education" were made for each institution biennially from 1957-58 through 1965-66. The 1966-67 data on the Health, Education, and Welfare forms were due in Washington on Nov. 30, 1967, and each institution in Indiana supplied a copy for use in this study at the time that the copy was submitted to Washington.

The data extracted from the "Financial Statistics of Institutions of Higher Education" portion of the Higher Education General Information Survey conducted by the Office of Education have certain inherent limitations. The figures reported by the individual institutions in Indiana indicate clearly the various components of income and expenditure but do not indicate need. Obviously an institution cannot spend more than it receives; therefore, total amounts of income and expenditure are roughly parallel. With this type of data there is no method of assessing the kinds of programs and facilities that an institution may feel are necessary but which it cannot afford. As costs increase annually, there is also no way to ascertain what items may have been omitted from planned activities or original projections of the previous year.

Eight-year tabulations were constructed utilizing the data secured in Washington for several major financial items, and a percent of change was tabulated from one biennium to the next, including an eight-year percent change between fiscal 1958 figures and 1966 figures. These eight-year tabulations were made for each institution and sent to them for correction and revision in mid-December. Several institutions responded with revised figures that were then included in the statewide tabulation. All of the 1966-67 financial data were received by March, 1968, and new nine-year tabulations were made. These tabulations are those that appear in the current financial report.

We are indebted to the presidents of the Indiana colleges and universities who released the financial data to us and to the financial officers of the institutions who reviewed the data and made the necessary corrections. We wish also to thank the members of the Finance Committee of the Indiana

Conference on Higher Education who provided us with advice and encouragement, and who took time from their busy schedules to read the preliminary drafts of this document. Those members of the committee are:

Mr. Kenneth Moulton
Vice-President and Treasurer
Indiana State University

Mr. Max Hullinger
Comptroller
Purdue University

Mr. Harold Cope
Business Manager
Earlham College

Mr. Raymond Gladden
Treasurer
Butler University

Special thanks are also in order to Mr. Alexander M. Mood, assistant commissioner for educational statistics, and Mrs. Mabel C. Rice of the Higher Education Studies Branch of the U.S. Office of Education for arranging our visit to Washington and facilitating our collection of data.

HIGHLIGHTS

PHYSICAL PLANT

Buildings constitute approximately 75 percent of physical plant values, and the public sector represents approximately 70 percent of the total value of all physical plants in Indiana.

Capital accretion increases from 1957-58 to 1966-67 have been slightly less than increases in educational and general operating expenditures for the same period.

Funds from the Higher Education Facilities Act have contributed over $36 million to sixty-four projects costing in excess of $110 million in the last four fiscal years.

ENDOWMENT FUNDS

Private institutions in Indiana hold approximately 85 percent of statewide endowments.

Generally, the larger institutions have a greater percentage of statewide endowments, but some of the smaller institutions have the larger per student endowment.

TOTAL EDUCATIONAL AND GENERAL INCOME

The largest source of income for public institutions is through governmental appropriations and in private institutions through student tuition and fees. Sponsored research is the second largest source of income in both sectors.

Income from federal governmental sources has increased sixfold in actual dollars and has doubled as a percent of total educational and general income over the last nine years.

Public institutions receive approximately 80 percent of federal funds allocated in Indiana.

Tuition and fees income has tripled in the public institutions and increased approximately 2½ times in the private institutions in the last nine years.

Both income from private gifts and earnings from endowment have been increasing in actual dollar amounts but decreasing as a percent of total educational and general income in Indiana institutions in the last nine years.

TOTAL EDUCATIONAL AND GENERAL EXPENDITURES

The largest annual expenditure in Indiana institutions is for instruction and departmental research. In the public sector, the second largest expenditure is for organized research; the third is for general administration. In the private sector, the second largest expenditure is for general administration; the third is for physical plant maintenance and operation.

Generally, the smaller schools seem to spend a smaller percent of total educational and general expenditures on instruction and departmental research and a greater proportion on administration than the larger institutions.

In 1963-64 Indiana ranked twenty-seventh in the United States in expenditures for educational and general purposes per student in the private sector and fifteenth for similar expenditures in the public sector.

In 1967-68 Indiana ranked twentieth in the United States in state tax funds appropriated per citizen for higher education.

Indiana's rank in percentages of gain of state tax funds for operating expenses among the big ten states and Kentucky dropped from third in 1960 to fourth in 1968.

Indiana ranks sixth in an eight-state tabulation of big ten states and Kentucky in state tax cost per citizen in 1966-67.

Of the twenty leading state universities, ranked in order of state tax support in actual dollar amounts appropriated in 1967-68, Indiana University ranks eleventh and Purdue University ranks sixteenth.

Total gross income of auxiliary enterprises has almost tripled in both the public and private sectors of higher education in Indiana from 1957-58 to 1966-67.

Student aid funds have grown more than sixfold in the last nine years in Indiana.

Currently the public sector disburses approximately 65 percent of all student aid funds in the state.

. . . . . .

Generally, enrollments have doubled and costs have tripled during the last nine years in higher education in Indiana.

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I. CAPITAL FINANCING

Colleges and universities require land, buildings, furniture, and equipment for many purposes. These are called capital assets, and expenditures to purchase or lease them are designated as capital outlays. These matters are sharply distinguished from operating expenses. Buildings constitute the largest percentage of capital assets, and equipment is the next largest percentage. The buildings for educational purposes are of two distinct classes from the viewpoint of their financing and uses: (1) academic or nonresidential buildings (which do not produce any regular income from rentals) and (2) nonacademic buildings in which a large part of the space is regularly leased to rent-paying tenants, lodgers, or other users. The latter category includes dormitories, dining halls, housing for married students and faculty members, and student-service buildings housing a great variety of facilities, such as meeting rooms, dining rooms, snack bars, bookstores, lounges, and other facilities for indoor recreation and lodging for transient visitors.

There is a relatively recent tendency at some large universities, in an effort to improve the academic atmosphere of large-scale student housing, to construct huge dormitories in which more than a negligible portion of the space is designed for nonincome-producing academic purposes, such as a few classrooms, seminar rooms, perhaps a lecture hall, a small library, a simple demonstration laboratory, and offices. In addition, there are living quarters for a small number of faculty members who, by the mutual preferences of the students and themselves, choose to live and work

in that milieu. The "bedroom city" thus acquires some resemblance to several small residential colleges, in which, it is hoped, the students may have the advantages inherent in the small colleges and those to be had only in the multiversity.

These developments of multi-use buildings may seem to add complexity and difficulty to the concept of the distinction between income-producing and nonincome-producing facilities. This, however, should certainly be no obstacle if the facilities prove to be educationally superior. The main distinction between these two kinds of facilities continues to be useful in the domain of financing.

Structures to house classes, seminars, laboratories, libraries, and faculty or administrative offices carry with them no expectation of income from their operation and therefore cannot be self-liquidating. Financing their cost is thus a one-way operation from which the institution expects no return. It must obtain the necessary funds from gifts, legislative appropriations, student fees, or some form of borrowing.

Private colleges or universities often mount fund-raising campaigns to finance the construction of one or several academic buildings. Sometimes, either during such a campaign or unrelated to it, they receive a large gift from a particular donor to finance a specific campus building. A recent example of a large gift to a private institution is the Brown Campus Center at Hanover College, financed primarily through the contributions of J. Graham Brown of Louisville. Public institutions may also find themselves the recipient of such benefactions, as is evidenced by the Krannert Building at Purdue University.

Financing academic buildings from tax sources, in the form of state appropriations (pay-as-you-go) or general obligation state bond issues, has been traditionally the principal method for state institutions. For most state colleges and universities, this outright state appropriation of capital funds was once the principal base for additions to the academic plant, but in recent years it has apparently had to be heavily supplemented by other methods of financing.

Another step in financing is the state bond issue of the "general obligation" variety, which creates no obligation against the university or college as such. Many of the states, however, are hampered by limits on state indebtedness in their constitutions. These close limitations have been difficult, if not impossible, to change and have forced the development of other methods of financing the academic buildings required in these decades of great expansion.

A further means of financing nonincome-producing academic buildings is to permit the institution itself, as a public corporation, to borrow by issuing bonds of its own, pledging some specified part of its own future income and expressly negating any liability of the taxpayers of the state. This is the method currently used extensively in Indiana among the public institutions.

It is not to be overlooked that in recent years both private and public colleges and universities have had accessible to them under appropriate circumstances both outright grants and low interest loans from agencies of the federal government, covering at least part of the cost of specified types of academic facilities. Not only are these provided for under the Higher Education Facilities Act of 1963 and in its extension in the Higher

Education Act of 1965, but they are also found in contemporaneous acts relating especially to facilities for education in the medical and paramedical professions. Several other acts of recent years authorize and fund programs of contracts and grants, available from more than half a dozen major federal agencies, for university and college research projects and related enterprises. A substantial, but apparently not precisely ascertainable, fraction of the total of these federal funds is lawfully used for necessary new physical facilities.

VALUE OF PHYSICAL PLANTS

The total book value of Indiana's college and university physical plants is comprised of four areas: buildings, equipment, land, and improvements, all of which have remained rather constant as a percentage of the total book value amount. Buildings constitute between 72 and 76 percent of the total plant value; equipment generally runs between 16 and 20 percent; land comprises 4 to 5 percent; and improvements to the physical plant other than buildings usually account for 1½ to 2½ percent of the total (Figure 1).

The total book value of physical plants in Indiana has steadily increased over the past decade by 171.7 percent in the public sector from $243.4 million and by 175.1 percent in the private sector from $112.9 million (Figure 2). Thus, both the public and private sectors seem to have increased at approximately the same percentage over this time period. It is important to note, however, that the public sector represents rather consistently about 70 percent of the total value of all physical plants.

When the value of physical plant as a percent of state total is equal to the percent of total state enrollment (for either the public or private sector of higher education) it seems that an equality of facilities would exist, or at least that the differences between numbers of students and facilities would be slight. With this in mind, it is interesting to note that public enrollments are rapidly approaching 70 percent of the statewide total (Table 1). When this occurs, both enrollment and the physical plant value, which increases at a slower rate, will be proportionately the same for both sectors of higher education in Indiana.

RATES OF INCREASE OF CAPITAL IMPROVEMENTS AND OPERATING EXPENSES

In order to arrive at an approximation of biennial expenditures for capital improvements of Indiana colleges and universities, the total book value of the physical plant was calculated at the end of several fiscal bienniums, and the difference between these figures approximates capital accretion for that time period. The data were available biennially from 1957-58 through 1965-66 and annually for 1966-67.

The total book value of physical plants has steadily increased from $356 million to $972 million over this nine-year period, with some fluctuation from one biennial amount to another. It should be kept in mind that a $142 million increase between fiscal 1966 and fiscal 1967, which shows an increase of 17.2 percent over the preceding amount, represents only <u>one</u> fiscal year while the prior amounts represent <u>two</u>-year increments. It is significant to note that both the actual dollar amount and the percent increase for this one-year period are substantially greater than one-half of any preceding biennial tabulation.

The total educational and general expenditure for any college or university is a relatively stable measure of total expenditure because it comprises such a large portion of the total. For additional perspective, it is helpful to ascertain the relationship of physical plant value to educational and general expenditures. According to percent of change, the capital accretion measured by the book value of the physical plant has increased at a rate slightly less than that of educational and general operating expenditures. The range of differences in the percentages of increase in these two areas is from 0.3 percent in 1962-64 to 5.3 percent in 1966-67 (Table 2).

Another method of assessing the growth of capital assets is to measure it as a percentage of all expenditures for higher education in the state, both in capital improvements and in operating expenditures. The operating expenditures include educational and general expenditures as well as expenditures for auxiliary enterprises and student aid. Although this percentage has generally been declining since 1959-60, the amount for capital accretion is roughly one-third of all expenditures of institutions of higher education in Indiana (Table 3).

PHYSICAL PLANT VALUE PER STUDENT

When the total enrollments of the public and private sectors of higher education in Indiana are divided into the total book value of the physical plant for any given year, the result is an approximation of capital value per student. This amount has increased from $4,428 in 1957-58 to $6,299 in 1966-67 on a statewide basis. Although the public sector has run consistently higher than the private sector over this

period of time, the discrepancy between the public and the private sector's physical plant value per student enrolled has gradually been decreasing. The greatest difference was in 1959-60 when the plant value per student was $2,537 greater in the public sector than in the private. The latest available data for 1966-67, however, shows a difference of only $640 per student between the public and the private sectors of higher education in Indiana (Table 4).

This discrepancy in physical plant value per student may be partially explained by the disproportionate increases in enrollment. The public sector has doubled in enrollment over this time period while the private sector has increased approximately 50 percent. This means that the public sector would have had to double the value of its physical plant just to maintain in 1966-67 the 1957-58 value per student without taking into account any inflationary trends.

IMPACT OF THE HIGHER EDUCATION FACILITIES ACT

Federal grant awards (for specific projects) through the Indiana Advisory Commission on Academic Facilities began in 1964-65 and have been a substantial contributing factor to the capital expansion programs of Indiana colleges and universities. Funds are distributed to four-year institutions through Section 104 and to two-year public institutions through Section 103. (The regional campuses of other Indiana institutions are considered within the classification of two-year public institutions.) Over the four fiscal years the greatest amount of federal grant money went to public two-year institutions ($13 million). The private four-year institutions received the next largest sum of approximately the same

magnitude ($12.9 million), and the public four-year institutions received $10.4 million (Table 5, Table 6).

The statewide total of federal grant awards distributed over these four fiscal years has contributed over $36 million to 64 individual projects costing in excess of $110 million. It provided over 4 million square feet of space to accommodate more than 38,000 additional students (Table 7). Science buildings and general classroom buildings have accounted for 38 of the 64 projects, 26 and 12, respectively (Table 8).

Grants for equipment under Title VI, Part A of the Higher Education Act of 1965 are also recommended by the Indiana Advisory Commission on Academic Facilities. Although not as extensive as grants for buildings, capital funds for equipment to improve undergraduate instruction and for closed-circuit television have been provided on a matching fund basis during the last three fiscal years. Over $1 million for equipment and $112,000 for TV have been distributed to 17 Indiana colleges and universities for use on 28 campuses (Table 9).

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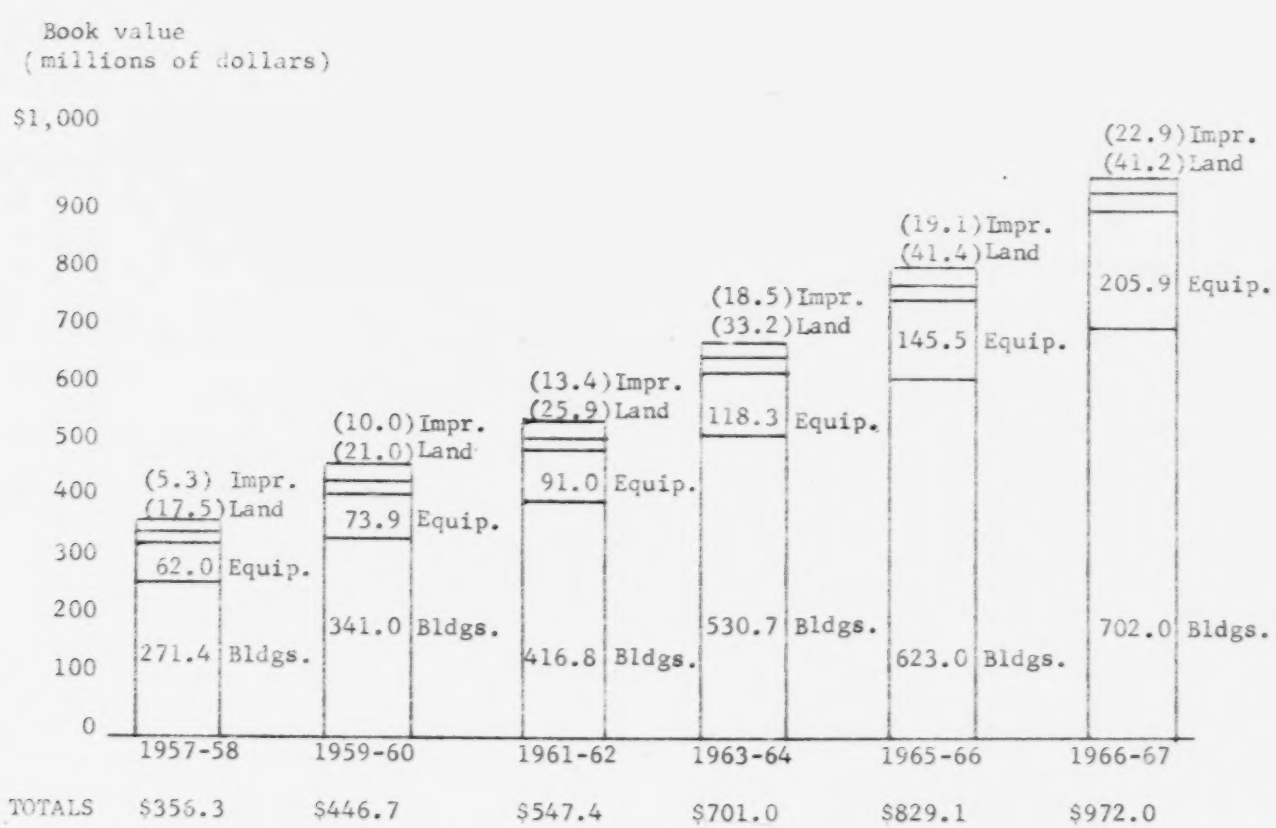
Figure 1 TOTAL BOOK VALUE OF PHYSICAL PLANT BY BUILDINGS, EQUIPMENT, LAND, AND IMPROVEMENTS, INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)



	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
TOTALS	$356.3	$446.7	$547.4	$701.0	$829.1	$972.0

SOURCE: U.S. Office of Education, Department of Health, Education, and Welfare, "Higher Education General Information Survey – Financial Statistics of Institutions of Higher Education" (Form OE-2300-4; Washington, D.C.: U.S. Govt. Printing Office). Data in other figures, unless otherwise indicated, are based on these forms.

Figure 2 TOTAL BOOK VALUE OF PHYSICAL PLANT AT THE END OF THE FISCAL YEAR, PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION
(millions of dollars)
(1957-58 TO 1966-67)

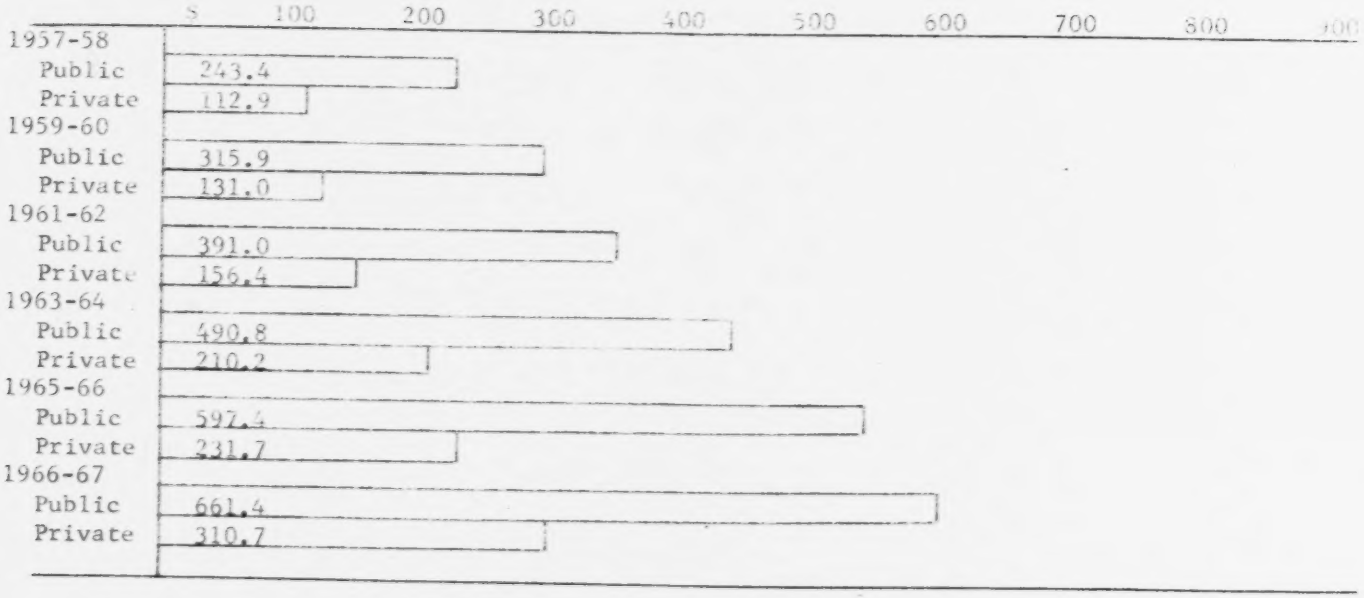


Table 1 PUBLIC HIGHER EDUCATION ENROLLMENT AND PHYSICAL PLANT VALUE EXPRESSED AS A PERCENT OF STATEWIDE TOTALS
(1957-58 TO 1966-67)

	1957	1959	1961	1963	1965	1966
Public physical plant value as percent of state total	68.3 %	70.7 %	71.4 %	70.0 %	72.1 %	68.0 %
Public enrollment	56.6	58.4	61.3	62.5	64.5	65.8

SOURCE: U.S. Office of Health, Education, and Welfare, "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education." (Form OE-2300-4; Washington, D.C.: U.S. Govt. Printing Office). Data in other tables, unless otherwise indicated, are based on these forms.

Table 2 INCREASE IN BOOK VALUE, PERCENT CHANGE OF BOOK VALUE OF PHYSICAL PLANTS, AND PERCENT INCREASE IN EDUCATIONAL AND GENERAL EXPENDITURES IN INSTITUTIONS OF HIGHER EDUCATION (FISCAL 1958 TO FISCAL 1967)

Fiscal Years	1958-60	1960-62	1962-64	1964-66	1966-67
Increase in book value	$90,376,857	$100,736,374	$153,567,143	$128,083,905	$142,984,385
Percent change	25.3%	22.5%	28.0%	18.2%	17.2%
Percent increase in educational and general expenditures	27.5	24.1	28.3	20.5	22.7

Table 3 CAPITAL ACCRETION AS MEASURED BY INCREASE IN BOOK VALUE OF PHYSICAL PLANT AND TOTAL OPERATING EXPENDITURE AS MEASURED BY EDUCATIONAL AND GENERAL, AUXILIARY ENTERPRISE, AND STUDENT AID EXPENDITURES, STATEWIDE TOTALS (1959-60 TO 1966-67)

	1959-60	1961-62	1963-64	1965-66	1966-67
Capital accretion	$ 90,376,857	$100,736,374	$153,567,143	$128,083,905	$142,984,385
Operating expenditure	165,001,400	205,474,360	260,203,290	317,241,550	383,914,145
GRAND TOTALS	255,378,257	306,210,734	413,770,433	445,325,455	526,898,530
Capital accretion as a percent of total	35.3%	32.8%	37.1%	28.7%	27.1%

Table 4 TOTAL BOOK VALUE OF PHYSICAL PLANT PER STUDENT, PUBLIC, PRIVATE, AND STATEWIDE TOTALS (1957 TO 1967)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	$5,348	$6,049	$6,036	$6,653	$6,465	$6,518
Private	3,230	3,512	3,828	4,759	4,550	5,878
Total state	4,428	4,993	5,182	5,943	5,785	6,299

Table 5 GRANT AWARDS THROUGH THE INDIANA ADVISORY COMMISSION ON ACADEMIC FACILITIES TO INDIANA PUBLIC AND PRIVATE FOUR-YEAR INSTITUTIONS AND PUBLIC TWO-YEAR INSTITUTIONS (FISCAL 1965 THROUGH FISCAL 1968)

	1965	1966	1967	1968	TOTAL
Public 2-year	$1,329,064	$ 4,544,136	$ 4,176,308	$2,957,310	$13,006,818
Public 4-year	2,426,462	3,485,697	3,767,349	723,802	10,403,310
Private 4-year	2,254,784	3,833,158	3,039,174	3,830,579	12,957,695
TOTAL	$6,010,310	$11,862,991	$10,982,831	$7,511,691	$36,367,823

SOURCE: Data from the Indiana Advisory Commission on Academic Facilities, Bloomington, Ind.

Table 6 GRANT AWARDS TO INDIANA COLLEGES AND UNIVERSITIES THROUGH THE INDIANA ADVISORY COMMISSION ON ACADEMIC FACILITIES (FISCAL 1965 THROUGH FISCAL 1968)

Institutions	Total Grant Award
Anderson College	$ 1,176,251
Ball State University	3,707,726
DePauw University	2,396,454
Earlham College	1,125,345
Fort Wayne Art Institute	513,041
Indiana Institute of Technology	634,007
Indiana State University	
Terre Haute	963,705
Evansville	1,750,600
Indiana University	
Bloomington	4,165,819
Gary	833,927
Indianapolis	3,569,632
South Bend	172,000
Marian College	573,720
Marion College	390,000
Purdue University	
Lafayette	1,566,060
Hammond	3,350,498
Indianapolis	418,800
Westville	1,540,761
Rose Polytechnic Institute	284,510
St. Benedict College	96,805
St. Francis College	1,069,108
St. Mary-of-the-Woods College	820,206
St. Mary's College	629,713
Taylor University	410,371
Tri-State College	1,381,469
University of Notre Dame	132,000
Valparaiso University	1,324,695
Vincennes University	1,370,600
STATE TOTAL	$36,367,823

SOURCE: Indiana Advisory Commission on Academic Facilities, Bloomington, Ind.

Table 7 THE HIGHER EDUCATION FACILITIES ACT IN INDIANA INSTITUTIONS (FISCAL 1965 THROUGH FISCAL 1968)

	1965	1966	1967	1968	TOTAL
Number of students to benefit	8,543	17,846	6,681	5,759	38,829
Gross space increase (sq. ft.)	1,128,069	1,638,869	1,016,061	620,842	4,403,841
Number of projects	19	20	12	13	64
Project costs	$21,386,081	$37,793,916	$29,445,733	$21,926,712	$110,552,442
Federal grants	6,010,310	11,862,991	10,982,831	7,511,691	36,367,823

SOURCE: Indiana Advisory Commission on Academic Facilities, Bloomington, Ind.

Table 8 TYPE OF FACILITY CONSTRUCTED IN THE STATE OF INDIANA UTILIZING FEDERAL FUNDS DISBURSED THROUGH THE INDIANA ADVISORY COMMISSION ON ACADEMIC FACILITIES (FISCAL 1965 THROUGH FISCAL 1968)

Type of Facility	Number Constructed in Indiana
Science buildings	26
General classroom buildings	12
Libraries	5
Engineering buildings	4
Performing arts	3
Technology	3
Foreign language	2
Physical education	2
Education	2
Architecture	2
Business education	1
Administration	1
Fine arts	1
TOTAL	64

SOURCE: Indiana Advisory Commission on Academic Facilities, Bloomington, Ind.

Table 9 FUNDS TO INDIANA COLLEGES AND UNIVERSITIES FOR EQUIPMENT AND CLOSED CIRCUIT TELEVISION FROM THE HIGHER EDUCATION FACILITIES ACT OF 1965, TITLE VI (FISCAL 1966 THROUGH FISCAL 1968)

Institutions	Fiscal 1966	Fiscal 1967	Fiscal 1968	TOTAL
CATEGORY I (Equipment)				
Anderson College	--	$11,269	--	$11,269
Ball State University	$28,042	--	$24,253	52,295
Franklin College	--	--	950	950
Herron School of Art	--	9,363	--	9,363
Indiana State University				
Terre Haute	8,568	23,696	--	32,264
Evansville	9,480	45,393	33,127	88,000
Indiana University				
Bloomington	--	29,850	--	29,850
Fort Wayne	--	--	17,739	17,739
Indianapolis	15,353	--	11,636	26,989
Kokomo	37,550	--	11,400	48,950
Gary	48,933	--	--	48,933
South Bend	30,501	--	17,428	47,929
Jeffersonville	26,725	--	18,170	44,895
Marian College	20,284	17,722	4,713	42,719
Marion College	--	10,775	--	10,775
Oakland City College	6,179	--	--	6,179
Purdue University				
Lafayette	--	--	69,500	69,500
Hammond	24,795	26,131	29,941	80,867
Fort Wayne	--	25,046	16,970	42,016
Indianapolis	23,790	53,503	--	77,293
Westville	25,964	5,575	--	31,539
Rose Polytechnic Institute	--	17,385	--	17,385
St. Benedict College	--	--	26,098	26,098
St. Mary-of-the-Woods College	2,830	--	4,926	7,756
Taylor University	--	--	15,660	15,660
Valparaiso University	25,881	19,745	--	45,626
Vincennes University	18,804	29,983	27,193	75,980
TOTAL	353,679	325,436	329,704	1,008,819
CATEGORY II (Closed-Circuit TV)				
Ball State University	11,193	--	23,245	34,438
Indiana State University	--	28,860	--	28,860
Purdue University				
Lafayette	28,105	--	--	28,105
Westville	--	--	7,600	7,600
St. Francis College	--	9,895	--	9,895
Taylor University	--	--	3,167	3,167
TOTAL	39,298	38,755	34,012	112,065
GRAND TOTAL CATEGORIES I AND II	$392,977	$364,191	$363,716	$1,120,884

SOURCE: Indiana Advisory Commission on Academic Facilities, Bloomington, Ind.

II. ENDOWMENT FUNDS

Endowment funds create a charitable trust in perpetuity, and the governing board of the beneficiary institution in its corporate capactiy becomes the trustee of the fund. The board is charged with the duties of conserving the fund, managing it in such a way as to safely produce maximum income, and expending the income for the charitable purposes defined in the trust instrument. Endowment funds are invested by the individual institutions in farm lands, urban business properties, government bonds, utility bonds, the capital stock of business corporations, and in other forms. The rentals, interest, or dividends that accrue from these holdings become available for current expenditure by the beneficiary institution. It is only the income from these funds that may be used by the institution, and an analysis of this income source will be discussed in a later section of the report.

For a more complete understanding of endowment's role in higher education, the following observations taken from a U.S. Office of Education publication will help place endowment funds in a general perspective:

1. Endowment is primarily held by privately controlled colleges and universities, with only 1 out of 5.66 endowment dollars held by public institutions in 1962.

2. Endowment is highly concentrated in a few institutions. Of the 180 institutions with more than $5 million endowment at book value in 1962, their collective ownership represented 83.8 percent of all higher education endowment. These few institutions comprised less that 9 percent of the 2,044 colleges and universities in the country in 1962, and they enrolled 30 percent of the total degree-credit student population.

Part II on Endowment Funds was compiled and edited by Gregory L. Solomon, Research Assistant, Graduate School of Business, Indiana University.

3. The primary source of endowment growth since 1950 has been the addition of large capital gains resulting from the rapid rise in common stock prices.

4. Each year since 1957 about 1 of 4 dollars voluntarily contributed to higher education has gone to endowment, and these gifts have increased the value of endowment funds by about 3 percent annually.

5. Increases in endowment income are not keeping pace with basic educational expenditures despite a gradual increase in endowment per student. For institutions with more than $500,000 endowment, the rise in basic educational expenditures between 1958 and 1962 has been proportionately greater than the additional investment income provided by an increase of almost $1,000 per student in endowment during the same period.

6. The importance of endowment income varies greatly among institutions of the same type and control. /U.S. Office of Education, Department of Health, Education, and Welfare, College and University Endowment; Status and Management (Form OE-53024; Washington, D.C.: U.S. Govt. Printing Office, 1965)/.

The ratio of the percentage of total endowment funds between public and private institutions in Indiana follows a pattern similar to that of the United States, and has been maintained at a relatively constant rate of between 82.6 and 85.7 percent for the private sector and between 14.3 and 17.4 percent for the public from 1957-58 to 1966-67. In actual dollar amounts, however, endowment principal increased from $57 million to $146 million in the private sector and from $10 million to $28 million in the public sector. Thus, it is evident that over the selected period endowment principal has steadily grown in both the public and private sectors (Table 10).

For comparative purposes the institutions of higher education in Indiana were divided into five classifications, based on the fall, 1967 enrollment. The classifications are as follows:

I--Enrollment of 500 or less
II--Enrollment of 501 to 750
III--Enrollment of 751 to 1,500
IV--Enrollment of 1,501 to 5,000
V--Enrollment over 5,001

The greatest amount of endowment per student is found in schools enrolling less than 500 students (I). These institutions have a combined enrollment of less than 2,000 students, and the endowment per student amounts to over $3,000. The largest number of Indiana institutions in any one classification is in the 750 to 1,501 enrollment range (III). The combined enrollment of these ten schools is slightly over 12,000, and the endowment per student amounts to over $2,500 (Table II). It must be noted, however, that endowment funds vary greatly even within these five classifications of institutions, and consequently the endowment income that may be used for annual operating expenses also varies.

The trends for the United States and Indiana are similar. The most important fact to be noted about endowments in the United States between 1925 and 1950 is that their productivity was cut in half by a substantial decline in interest rates, and an average return of 3 percent was about all that could be expected in the late 1940's and early 1950's. Also during and after this period price inflation greatly reduced the purchasing power of the dollar with the result that the real income from endowment has decreased by a great deal more than one-half. In actual dollar amounts, endowment funds and income from endowments have both been increasing; however, income as a percentage of the total educational and general income has been decreasing.

However, with the exception of the 48 theological schools included in the U.S. Office of Education's nationwide study of 558 institutions, all other institutions experienced increases in the market value of their endowment per student from 1958 to 1962. However, the percent of basic educational expenditures constituted by their endowment income actually

decreased over the same period of time. This decrease ranged from 0.1 percent in the public universities to 4.3 percent in the private professional schools, and the decline for all institutions taken together amounted to 1.5 percent (Table 12).

The days of heavy dependence on endowment are at an end in Indiana and in the United States. A small number of institutions still may rely greatly on endowment, but even for most of these the income of productive funds steadily becomes less important.

Table 10 ENDOWMENT FUNDS IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION AND PERCENT OF STATE TOTAL (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67	9-Year % Change
Private	$56,869,476	$65,796,798	$71,837,434	$83,883,914	$129,295,988	$145,650,266	156.1
Public	10,299,995	10,964,677	12,135,759	17,126,648	27,184,294	28,422,603	175.9
TOTAL	67,169,471	76,761,475	83,973,193	101,010,562	156,480,282	174,072,869	159.1
Private as Percent of Total	84.6%	85.7%	85.5%	83.0%	82.6%	83.7%	
Public as Percent of Total	15.4	14.3	14.5	17.0	17.4	16.3	

Table 11 ENDOWMENT FUNDS, PERCENT OF TOTAL ENDOWMENT FUNDS, ENROLLMENTS, AND ENDOWMENT PER STUDENT IN FIVE CLASSIFICATIONS OF INDIANA INSTITUTIONS OF HIGHER EDUCATION, FISCAL 1967

Classification	Endowment Funds	Percent of Total Endowment Funds	Number of Schools	Enrollment	Endowment per Student
I	$ 7,143,873	4.1%	6	1,929	$3,703.41
II	5,156,023	2.9	6	3,917	1,316.32
III	32,447,873	18.6	10	12,320	2,633.76
IV	46,205,268	26.5	9	23,302	1,982.88
V	83,119,832	47.8	6	123,228	674.52
TOTAL	$174,072,869	100.0%	37	164,696	$1,056.93

Table 12 THE CHANGING ROLE OF ENDOWMENT AS AN INCOME SOURCE FOR ALL U.S. INSTITUTIONS HAVING $500,000 ENDOWMENT (1958-62)

Institution, Type and Control		Estimated Market Value of Endowment Per Degree-Credit Student		Estimated Endowment Income as a Percent of Basic Educational Expenditures	
		1958	1962	1958	1962
61	Public universities	$ 1,374	$ 1,545	4.2%	4.1%
55	Private universities	5,650	6,819	16.1	15.0
353	Private liberal arts colleges	5,721	6,247	17.3	15.4
17	Private technological schools	14,866	17,041	27.9	24.1
48	Theological schools	18,984	24,153	40.1	41.5
24	Private professional schools (including 2-yr. institutions)	12,107	12,408	26.8	22.5
558	ALL INSTITUTIONS	6,933	7,924	18.4	16.9

SOURCE: College and University Endowment; Status and Management, p.5.

III. TOTAL EDUCATIONAL AND GENERAL INCOME IN INDIANA INSTITUTIONS OF HIGHER EDUCATION

Total educational and general income differs from total current-fund revenue in that it omits student aid and auxiliary enterprises. While the latter two categories are important items of college and university finance, the educational and general income reflects more accurately the essence of the academic community. Included in the educational and general income total are the following:

1. Student tuition and fees
2. Governmental appropriations
3. Endowment income
4. Private gifts and grants
5. Sponsored research
6. Other separately budgeted research
7. Other sponsored programs
8. Organized activities of educational departments
9. Sales and services of educational departments
10. Other educational and general income

The degree to which individual institutions rely on various sources of income differs widely. For example, public institutions receive most of their educational and general income from governmental appropriations while private institutions rely primarily on student tuition and fees. Such items as endowment income, private gifts, and organized activities of educational departments vary in importance from one institution to another. While one college may have endowment income equal to $1,000 per student, another college may have little or no endowment income at all. While all institutions may not receive income from all of the sources mentioned above, most colleges and universities derive income from most of these sources to a greater or lesser degree.

The greatest source of educational and general income in the public sector in 1966-67 came from governmental appropriations, $112.8 million. The private sector receives most of its educational and general income from student fees, $50.4 million. For both, sponsored research is the second greatest source of income: public, $27.5 million; private, $8.4 million (Figure 3). Governmental appropriations accounted for 54.55 percent of the total educational and general income in the public sector, sponsored research, 13.31 percent, and tuition and fees, 12.32 percent. In the private sector, tuition and fees made up 64.74 percent of the total educational and general income, and sponsored research represented 10.70 percent (Table 13).

The total current income for educational and general purposes in the public sector increased 211.5 percent in 1966-67 from $66.2 million in 1957-58. While the private sector does not represent a similar amount of funds, the increase in 1966-67 over the 1957-58 figure of $27.7 million is 182.7 percent. Taken as a whole, educational and general income in Indiana has increased 202.9 percent, or approximately three times that of the 1957-58 income (Figure 4).

HIGHLIGHTS OF THE FEDERAL GOVERNMENT PARTICIPATION IN HIGHER EDUCATION

Even before the adoption of the Constitution of the United States, the Congress of the Confederation had adopted the Northwest Ordinance providing for the reservation of designated public lands for the endowment of schools and seminaries of learning. During the decade of the 1860's the Morrill Act, which granted federal public land to every state that would agree to foster practical education in agriculture and the mechanic arts, was passed. Thus the land-grant college came into existence.

The Morrill Act of 1862 was followed by a chain of supplementary acts, extending into the twentieth century. The Hatch Act of 1887 provided flat-rate appropriations of money to the state for agricultural experiment stations, and the Smith-Lever Act of 1914 provided for the beginnings of the cooperative federal-state-local agricultural extension service.

During the years 1935 to 1941 the federal government allocated funds to public and private colleges and universities for the National Youth Administration student work program. Under this, large numbers of needy students who would not otherwise have been able to continue in school were employed part-time by the institution and were permitted to earn about $180 per year.

World War II took many young men into the military service and temporarily depleted the college enrollments. However, the G. I. Bill was enacted in 1944 to provide subsistence and the cost of books and tuition in the institution chosen by the returning veterans. The billions of dollars involved in this program dwarfed all previous federal expenditures connected with higher education. A similar program was authorized for veterans of the Korean conflict, and while governmental expenditures for aid to veterans have been diminishing in recent years, this source of income to the student is still a valuable aid in many cases. As the operation of the G.I. Bill began to taper off, there was a considerable interest in providing federal scholarships, fellowships, and loans to take its place. Several bills were enacted, the most notable of which was the National Defense Education Act of 1958.

A more recent development in the federal government's participation in higher education has been the awarding of grants and contracts to

colleges and universities for research purposes. Among the principal agencies that distribute such funds are the Department of Defense, the National Aeronautics and Space Administration, the Atomic Energy Commission, the National Institutes of Health, the National Science Foundation, the Office of Education, and the Department of Agriculture.

As now administered, federal research grants and contracts are not so much an aid to higher education as the partial support of additional obligations. The two forms of federal aid that have been explicitly intended to help the educational institutions meet their responsibilities are the program for disposal of surplus property and the program of loans for buildings. The College Housing Loan program, begun in 1951, authorizes fifty-year loans at favorable rates of interest mainly for revenue-producing buildings such as dormitories, dining halls, and student centers. The Higher Education Facilities Act of 1964, however, issues grants for nonincome-producing academic buildings.

DISTRIBUTION OF FEDERAL FUNDS TO HIGHER EDUCATION

Federal funds for education and related activities in higher education in the United States have risen from $991.9 million in 1962 to over $2.5 billion in 1966 according to the Digest of Educational Statistics, 1967. The NDEA Student Loan Program support increased from $74.6 million to $234.9 million, and College Housing Loans increased from $245.9 million to $375.8 million over the same period of time.

Basic research funds increased from $384.5 million to $730.9 million; research facilities, from $121.8 million to $229.6 million; training grants, from $196.0 million to $365.5 million; and fellowships and traineeships,

from $103.9 million to $264.9 million. One of the most spectacular increases was noted in the case of institutional facilities, which rose from $37.1 million in 1962 to $668.9 million in 1966. This was due undoubtedly to the inception of the Higher Education Facilities Act in 1965 (Table 14).

In the decade of the 1950's funds from the Veterans' Administration declined from over $2 billion in 1950-51 to less than $500,000 in 1959-60. The reason for this, of course, was that the bulk of returning World War II veterans had completed their college careers around 1952-53, and the numbers have consistently decreased in subsequent years. The Department of Health, Education, and Welfare, on the other hand, had increased funds to higher education from $111 million to slightly less than $850 million over the same period. This represents almost an eightfold increase over the decade. The Department of Agriculture expenditures for higher education rose from $171 million to $420 million; the Department of Defense funds dramatically increased from $25 million to almost $350 million; and, the Department of the Interior funds more than doubled. "Other governmental agencies" showed perhaps the greatest increases of funds during the 1950's resulting primarily from unparalleled increases of funds from such sources as the Atomic Energy Commission, the National Aeronautics and Space Administration, and the National Science Foundation. While total funds from these five sources do not show astounding increases (growing from $2.5 billion to $2.7 billion by the end of the decade), it is obvious that a great shift of emphasis had occurred (Table 15).

In addition to the shift in emphasis from individual student financial aid for veterans in the 1950's to large-scale grants and contracts

primarily in the scientific and technological areas, there has also been a shift in emphasis on the academic level at which federal money has been directed. Federal funds in 1959 and 1960 increased more in the graduate postdoctoral levels of higher education than in the undergraduate levels. The highly skilled human resources needed to operate the complex governmental contracts associated with the Atomic Energy Commission and the Department of Defense among others have necessitated an increase of federal support in the higher levels of colleges and universities across the country. While the data available are chronologically limited, this shift may be noticed in the increase of total funds allocated to the graduate level ($138 million to $173 million) and to the postdoctoral level ($41 million to $54 million), as compared with the decrease from $427 million to $325 million at the undergraduate level.

At the undergraduate level the greatest amount of federal funds in 1960 went to the field of general education ($107 million), "other fields" accounted for $96.5 million, followed by engineering ($14 million), education ($31 million), and physical sciences ($14 million). At the graduate level, most funds went to the physical sciences, followed by the biological sciences and "other fields." The greatest amounts of funds at the postdoctoral level were disbursed in the areas of clinical sciences and biological sciences (Table 16).

Because the data in the 1960's have not been published in a form that provides us with a continuity for comparison, we must now turn to Indiana to show the relationships of federal governmental support to other types of support in the present decade. Indiana is not atypical in respect

to governmental support, and we may assume that the other forty-nine states have roughly similar trends although the actual dollar amount of federal funds may differ widely from state to state.

GOVERNMENTAL SOURCES OF INCOME TO INSTITUTIONS OF HIGHER EDUCATION IN INDIANA

There are three possible governmental sources of income to colleges and universities--federal, state, and local. However, since income from local government in Indiana comprises such a small percentage of the total, (presently only four institutions are reporting income from this source), income from state and local governments is treated collectively (Figure 5). The major source of state-local funds represents appropriations of state tax funds to public institutions of higher learning. The funds from federal sources are distributed to both public and private institutions and represent income from governmental appropriations, sponsored research, and other sponsored programs. The federal funds allocated by various governmental agencies are used for the following purposes: (1) instruction and departmental research; (2) extension and public sources; (3) organized research; (4) other sponsored programs; and (5) other grants and contracts.

Income from the state-local governmental source has risen from $38.5 million in 1957-58, an increase of 183.1 percent. While the state-local income has increased almost threefold in actual dollar amounts, its percentage of total educational and general income has decreased slightly over this period of time from 40.5 percent in 1957-58 to 38.3 percent in 1966-67 (Table 17).

Data on governmental sources of income compiled and edited by Gregory L. Solomon, Research Assistant, Bureau of Business Research, Indiana University.

Income from the federal government to Indiana institutions has increased 508 percent over the nine-year period from $6.8 million in 1957-58. Federal funds as a percentage of the total educational and general income have doubled over this same period of time, increasing from 7.1 percent in 1957-58 to 14.5 percent in 1966-67 (Table 18).

Of the thirty-nine institutions of higher education in Indiana, twenty-six of these reported expenditure of federal funds for the fiscal year 1967. In terms of distribution of funds, the National Science Foundation and the U.S. Office of Education supplied funds to more institutions (20 and 16, respectively) than did other agencies. The public sector received 74.1 percent of the funds from the National Science Foundation and 82.4 percent of the funds from the U.S. Office of Education; although the majority of the funds went to the public institutions, it is noteworthy that the private institutions were at least receiving some support from these agencies (Table 19). Broken down by agency sources, the federal agencies that are the largest contributors of funds in Indiana are Public Health Service ($9,966,210), National Science Foundation ($6,689,284), U.S. Office of Education ($4,827,500), and three other agencies that contribute just over $3 million each.

With the exception of those funds expended from other agencies of the Department of Health, Education and Welfare and the Atomic Energy Commission, the public sector spent from 74 percent to 100 percent of the funds received from the remaining departments. Grants from other agencies of HEW are small compared with such agencies as the National Science Foundation, and although the private sector accounted for the larger percentage of funds expended, the actual amount of these funds is negligible. Funds

expended through the Atomic Energy Commission were centered in only five institutions in Indiana, including four public schools and one private school. Total funds to all the public institutions were only slightly more than those to the private institutions and thus accounted for the approximate equal distribution of these funds to the two sectors of higher education in the state. The greatest amount of federal funds expended by institutions of higher education in Indiana was for organized research, with the public sector spending 80.1 percent of the available funds or $20,878,973. The private sector spent $5,166,981 or 19.9 percent. It may also be noticed that the public sector expended almost all of the funds designated for extension and public service, but this is to be expected since few, if any, private institutions operate such services. The private institutions, on the other hand, expended all of the federal funds in the category of "Other Grants and Contracts," but the total amount of funds in this classification was significantly smaller than in the other four areas. Funds for instruction and departmental research were expended more in proportion to statewide enrollments in the public and private institutions in Indiana (Table 20).

Nationally, there are a number of problems connected with the awarding of grants and contracts to colleges and universities for research. One of the problems concerns the financing of projects under contracts or grants from the federal government. In general, the government pays for all materials and personal services used in the project and the added overhead costs that are incurred by the institution in the execution of the contract project. Since these latter costs cannot easily be calculated and are not subject to any rigid and unchanging formula,

universities in many cases indicate that acceptance of the contracts causes them to lose money. The major criticism of the total program is that hardly more than a handful of large universities (with a disproportionate number being private institutions) receive the bulk of the money. There is, however, a growing tendency toward wider distribution of funds, and the National Science Foundation has begun to operate a program of small grants to small colleges, evidently for the sake of encouraging and strengthening the spirit of research in such institutions.

Federally sponsored research has also been accused of leaning too heavily toward the applied or developmental stages rather than to the pure or theoretical research. It has been accused of neglecting the humanities and the social sciences at the expense of the physical and biological sciences.

These problems, though sincere, do not seem to be of sufficient weight to force a gap between universities and the federal government. The policies of the federal agencies are not totally inflexible, and changes are possible. Though much of the federal money is granted on the theory of a "purchase of services," it is nevertheless a substantial increase of income for the institutions concerned and is an important element in the total picture of the financing of higher education.

TUITION AND FEES INCOME IN INDIANA INSTITUTIONS OF HIGHER EDUCATION

Tuition and fees are important sources of educational and general income in the institutions of higher education in Indiana. They constitute between 10 and 13 percent of total educational and general income in the

public sector and between 65 and 69 percent in the private sector (Table 21). Obviously, the private institutions rely more heavily on such sources of income than do the public institutions, which receive more funds from governmental sources. In actual dollar amounts, tuition and fees increased 191.7 percent from $8,729,618 in 1957-58 to $25,470,452 in 1966-67 in the public sector, and 168.4 percent from $18,760,786 to $50,365,140 in the private sector (Figure 6). These increases correspond with enrollment increases of 122.9 percent in the public institutions and 54.3 percent in the private institutions. Since the increase in tuition and fees has surpassed the increase in enrollments, the net result is an increase in tuition and fees income per student of 30.8 percent for the public sector and 77.5 percent for the private (Table 22).

It is interesting to note that the rate of growth of enrollments in the public institutions has increased almost 2½ times that of the private institutions, while the rate of growth of tuition and fees income per student has increased almost 2½ times more in the private institutions than in the public (Appendix A).

However, the differences between the two sectors in actual dollar amounts have gradually been lessening in recent years. From 1957-58 through 1963-64, private institution income from this source was more than double the income in the public institutions. From 1965-66 through 1966-67, however, private tuition and fees income was slightly less than twice the amount in the public sector. It must be kept in mind that public sector enrollments have increased substantially more than in the private sector, and the additional volume of students paying fees would tend to close the gap.

Within the five enrollment classifications institutions with enrollments between 501 and 750 students are more heavily dependent upon tuition and fees income than are institutions in other enrollment categories. It should also be noted that schools with enrollments between 1,501 and 5,000 students and those with enrollments between 751 and 1,500 seem to be highly dependent on tuition and fees as a major source of educational and general income (Table 23).

Tuition and fee charges vary from one institution to another. Students attending private schools pay substantially higher fees than do students enrolled in public institutions. Usually out-of-state students pay higher fees in the public institutions than do in-state students; however, this fee differential does not apply to the private schools where students basically pay the same tuition and fees regardless of their permanent residence. Within the context of the larger universities, fees may vary between the different schools, with medical and professional schools usually charging higher fees than other schools and departments in the university.

While tuition and fees income and educational and general income have increased substantially over the years in both the public and the private institutions, the proportion of the total educational and general income that is made up of tuition and fees has remained approximately the same. Generally the tuition and fees in the public institutions fall far short of providing the necessary funds for instruction and departmental research. In 1966-67 for example, tuition and fees income amounted to $25,470,452, and expenditures for instruction and departmental research were $86,961,332. Conversely, the same figures for the private sector of

higher education were $50,365,140 and $33,332,099, respectively. This would indicate that tuition and fees in the private schools exceed the cost of instruction; of course, no student in Indiana bears the full cost of his total education in either public or private institutions. The cost differential in educating students in Indiana institutions is made up generally by state appropriations to the public schools and through income from private gifts, grants, and similar sources for the private schools.

Despite the fact that specific institutions may vary greatly in the amount of tuition and fees income, a comparison of this income in public and private institutions of higher education in Indiana and in the United States indicates that tuition and fees for educational and general purposes for Indiana seem to follow the trend of the United States (Figure 7). Indiana represents approximately 2.7 percent of the national figures during the time period from 1949-50 to 1966-67. Indiana is slightly above the national average because of the large number of private institutions in the state.

ORGANIZED ACTIVITIES RELATED TO EDUCATIONAL DEPARTMENTS IN INDIANA INSTITUTIONS OF HIGHER EDUCATION

Organized activities of educational departments in institutions of higher education are those that are organized and operated in connection with instructional departments and conducted primarily to provide an instructional or laboratory training of students. Examples of such activities include medical school hospitals, home economics cafeterias, agricultural college creameries, dental clinics, computer sciences and

laboratory or demonstration schools. Other activities of a general educational and cultural nature, such as lecture courses, concerts, dramatic productions, and artists' series, may also be included in this category.

Income from organized activities in the United States has risen from $112 million in 1949-50 to $245 million in 1959-60 and to $364 million in 1963-64, an increase of 224.6 percent. The corresponding income for Indiana is $4.7 million in 1949-50, $8.7 million in 1959-60, and $12.8 million in 1963-64. The increase over this period of time was 173.5 percent. In 1966-67 the income from organized activities in Indiana reached a high of $15.2 million, an increase of 223.4 percent over the 1949-50 amount (Figure 8).

Although income from organized activities in Indiana has risen substantially over the last two decades, it has not increased proportionally to that of the United States as a whole. It should be noted, however, that approximately one-third of Indiana's institutions report any activities of this kind, while many schools report none at all. Although it is not limited to the public instituions, the public sector accounts for approximately 95 percent of the state total.

PRIVATE GIFTS AND GRANTS TO INSTITUTIONS OF HIGHER EDUCATION IN INDIANA

Practically every college and university in the United States is the recipient of some type of income from private gifts and grants. The funds from this source come from individuals and groups of individuals, from alumni, nonalumni friends of the institution, churches and other religious groups, and business corporations. Within the private sector

of higher education private gifts and grants make up one of the major sources of revenue; some are restricted for specific purposes, and others are nonrestricted for annual operating costs. In Indiana, this source of revenue ranks third after tuition and fees and sponsored research among the private institutions, providing between 10 and 20 percent of the educational and general income. The public institutions in Indiana also benefit from receiving such funds, but these moneys constitute a smaller percentage (between 4 and 6 percent generally) of the total educational and general income than in the private sector (Table 24).

Private gifts and grants are remaining approximately the same proportion of the total educational and general income in the public sector (excluding the 1966-67 tabulation, which may be significantly lower due to the method of reporting), while they are declining generally as a percent of the total educational and general income in the private sector. In spite of this decline in the private sector, the actual dollar amounts have generally increased over the nine-year period from 1957-58 to 1966-67, from $5.5 million to $9.6 million (Figure 9). The fluctuations in the actual dollar amounts are due primarily to large, one-time bequests to various colleges and universities in the state. Over the nine-year period, the public sector's funds from this source increased 80.3 percent; however, when the percents of increase over the preceding year are totaled, the result is a net increase of 82.5 percent during the nine-year period. The 1966-67 income in the private sector amounted to an increase of 73.6 percent over the 1957-58 figure, and a net increase of 62.5 percent (Table 25, Table 26).

The percents of change in 1966-67 over the 1957-58 amount vary widely according to institution. In the public sector, one institution shows a decrease of 9.6 percent, and another institution shows an increase of 3684.9 percent. These two schools represent the extremes of the range of change. In the private sector, where many more institutions are involved, the range is wider, and the variations in percent of increase or decrease are more prevalent. The extremes of the range are represented by one institution that shows a decline of 720.3 percent and one institution that indicates an increase of 639.7 percent in private gifts and grants in 1966-67 over 1957-58. On the statewide basis, the available data indicate that 25 institutions show increases in private gifts and grants in 1966-67 as compared with 1957-58 funds and that only 7 institutions show a decrease.

Noting the various percentages of total educational and general income comprised of private gifts and grants in the five enrollment classifications of Indiana institutions for 1966-67, the smallest institutions in the state have a larger portion of their total educational and general income comprised of private gifts and grants (29.06 percent) than do the largest institutions in the state (3.13 percent). Private gifts and grants constitute between 13.97 percent and 15.75 percent of educational and general income in schools with enrollments of between 501 and 5,000 students (Table 27).

In an effort to stimulate private gifts and grants to Indiana colleges and universities, a relatively new and unique law has been passed by the Indiana legislature. The Senate Enrolled Act 335 on higher education enacted by the ninety-fifth Indiana General Assembly states that a contributor to a college or university in Indiana or to the Associated Colleges of Indiana may obtain a deduction from state income tax of up to 50 percent of

his gift. The restrictions for individuals are that the deduction may not exceed 20 percent of his adjusted gross income tax or $50, whichever is less. In the case of corporations, the credit may not exceed 5 percent of the corporation's total adjusted gross income tax or $500, whichever is less.

Since this act has been in-effect for only the last fiscal year, additional time will be required to access its impact upon the private gifts and grants realized by institutions of higher education in the state. Mr. Richard Riggin of Ball State University has compiled some statistical information relative to the new tax credit law, and some of the highlights of his study along with the actual wording of the law may be found in Appendix C.

Generally, the private gifts and grants income for Indiana constitutes approximately 2.69 percent of the total private gifts and grants in the United States. From 1949-50 to 1963-64, yearly percentage increases for Indiana ranged from 7.9 percent to 43.1 percent. For the United States, the percentage increases (17.1 percent to 33.0 percent) indicate that the range of increase for the United States does not fluctuate as greatly as the range for Indiana (Table 28).

ENDOWMENT EARNINGS IN INSTITUTIONS OF HIGHER EDUCATION IN INDIANA

Endowment earnings for most institutions of higher education in Indiana have steadily increased in the last decade. The total amount of endowment earnings has increased 83.4 percent in 1966-67 from $2,004,891 in 1957-58 (Figure 10). While this 83.4 percent increase may at first

seem significant, it should be noted that total educational and general expenditures for the same nine-year period increased 200 percent as has total educational and general income. The relationship of endowment earnings to the total educational and general income has remained approximately the same--although declining slightly (Table 29).

The increase in endowment earnings in the public sector in 1966-67 over the 1957-58 amount was 103.3 percent; the corresponding increase in the private sector amounted to 81.5 percent. Even though the percent of gain was greater in the public sector than in the private, the actual dollar amount and the percent of the total educational and general income comprised by endowment earnings in the public sector were considerably smaller. While endowment earnings in public institutions are a more or less negligible percentage of the total educational and general income, they are somewhat more important to the private institutions. Some of the smaller private schools and technical institutions have no endowment earnings at all, but depend primarily on student fees and private gifts to make up their educational and general income. In 1966-67, 2 of the 4 public four-year institutions reported no endowment earnings. Of the remaining institutions in the state, only 23 reported endowment earnings, ranging from $1,009 in 1 institution to $585,613 in another. The amounts for the other 21 schools vary widely between these two extremes.

When endowment earnings are expressed as a percent of the total educational and general income for each of the private institutions reporting such endowment income, the range is from 0.1 percent in 1 institution to 61.4 percent in another. Nineteen of the 23 private

institutions reporting endowment earnings receive funds in amounts that are less than 10 percent of their total educational and general income. Of the other 4 institutions having more than 10 percent of total educational and general income comprised of endowment earnings, the percentages are 11.4, 12.9, 13.2, and 61.4. Obviously, the upper extreme of 61.4 percent is quite atypical for Indiana institutions.

Figure 3 CURRENT-FUND INCOME FOR EDUCATIONAL AND GENERAL PURPOSES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION BY CATEGORY (1966-67)

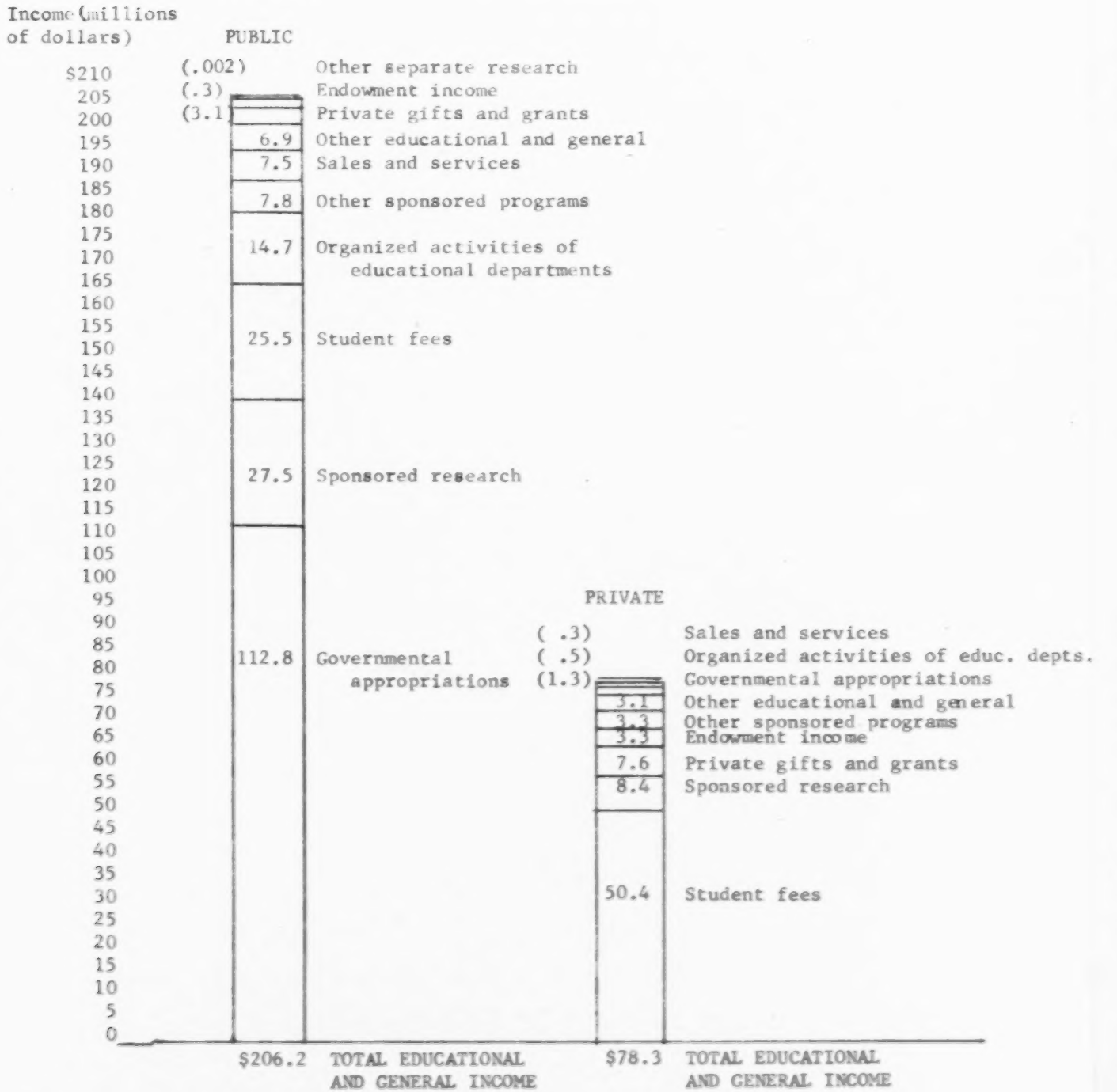


Table 13 PERCENTAGES OF TOTAL EDUCATIONAL AND GENERAL INCOME IN PUBLIC, PRIVATE, AND ALL INDIANA INSTITUTIONS OF HIGHER EDUCATION (1966-67)

	PUBLIC	PRIVATE	ALL INSTITUTIONS
Student tuition and fees	12.32%	64.74%	26.77%
Governmental appropriations	54.55	1.70	39.98
Endowment income	.15	4.23	1.28
Private gifts and grants	1.50	9.46	3.69
Sponsored research	13.31	10.70	12.59
Other separately budgeted research	.01		.01
Other sponsored programs	3.79	4.19	3.89
Organized activities relating to educational departments	7.39	.59	5.53
Sales and services of educational departments	3.62	.44	2.74
Other educational and general income	3.36	3.95	3.52
TOTAL EDUCATIONAL AND GENERAL INCOME	100.00%	100.00%	100.00%

Figure 4 TOTAL CURRENT-FUND INCOME FOR EDUCATIONAL AND GENERAL PURPOSES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS (1957-58 TO 1966-67)

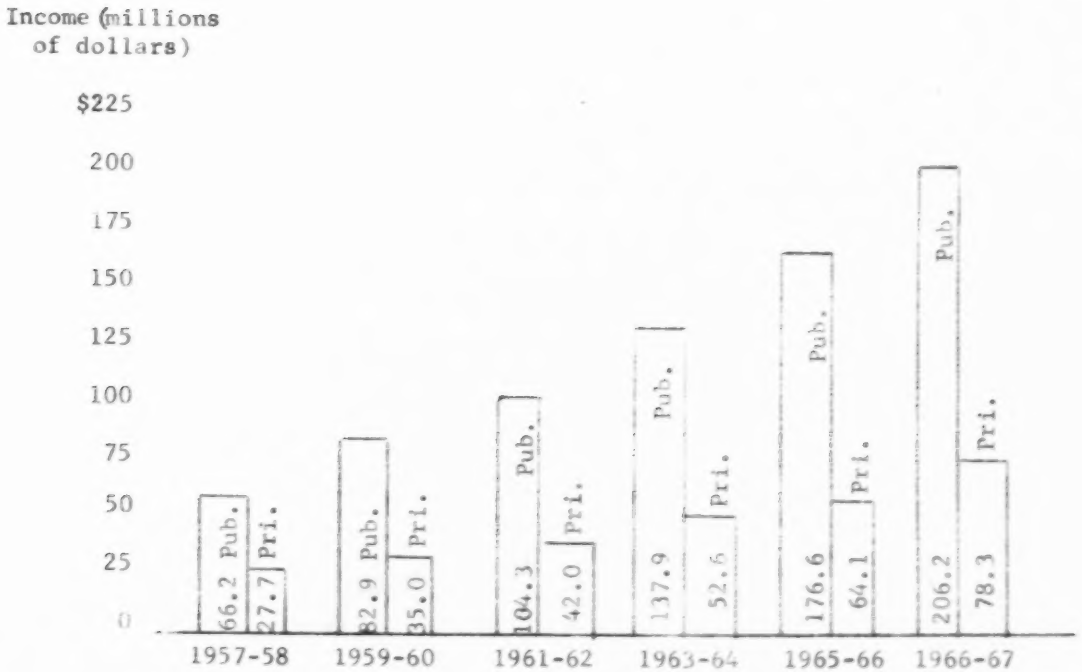


Table 14 FEDERAL FUNDS FOR EDUCATION AND RELATED ACTIVITIES: ESTIMATED OBLIGATIONS FOR FISCAL YEARS 1962 TO 1966, IN HIGHER EDUCATION

Type of Support	(in millions of dollars) 1962	1963	1964	1965	1966
Basic research in U.S. educational institutions	$384.5	$455.2	$551.9	$634.2	$730.9
Research facilities	121.8	157.9	133.5	191.7	229.6
Training grants	196.0	234.6	261.2	282.4	365.5
Fellowships and traineeships	103.9	143.0	181.8	196.9	264.9
Institutional support, facilities	37.1	41.1	56.1	384.1	668.9
Institutional support, other	33.0	43.4	69.5	93.4	163.8
Other student assistance	103.9	69.9	62.3	100.4	214.2
Other support	11.7	16.4	17.4	18.8	18.8
TOTAL	$991.9	$1,161.5	$1,333.7	$1,901.9	$2,656.6

SOURCE: U.S. Office of Education, Department of Health, Education, and Welfare, Digest of Educational Statistics, 1967 (Form OE-10024-67; Washington, D.C.: U.S. Govt. Printing Office), p. 102.

Table 15 FLOW OF FEDERAL FUNDS TO THE EDUCATIONAL SECTOR THROUGH VARIOUS GOVERNMENTAL AGENCIES
(in thousands of dollars)
(1950-51 TO 1959-60)

	FEDERAL AGENCIES						
	Veterans' Administration	Dept. of Health, Education, and Welfare	Dept. of Agriculture	Dept. of Defense	Dept. of Interior	Other Govt. Agencies *	TOTAL
1950-51	$2,120,216	$111,370	$171,154	$ 25,507	$ 45,834	$ 37,748	$2,511,829
1952-53	725,572	310,575	195,693	40,714	58,834	85,510	1,416,898
1954-55	710,084	392,240	245,071	47,955	80,263	95,922	1,571,535
1956-57	813,955	457,277	398,399	69,569	90,794	138,252	1,968,246
1958-59	596,335	724,692	383,386	300,877	101,549	274,116	2,380,955
1959-60	400,771	847,452	420,313	345,986	105,894	572,277	2,693,693

SOURCES: U.S. Office of Education, Department of Health, Education, and Welfare, Federal Funds for Education, 1958-59 and 1959-60 (OE-10009, Bull. 1961-14; Washington, D.C.: U.S. Govt. Printing Office) pp. 15, 16, 17 and U.S. Office of Education, Department of Health, Education, and Welfare, Federal Funds for Education: Fields, Levels, Recipients, 1959 and 1960 (OE-10013, Circ. 679; Washington, D.C.: U.S. Govt. Printing Office) pp. 60-65.

*Included are: Departments of Commerce, Justice, Labor, State, and Treasury; Atomic Energy Commission; Canal Zone; District of Columbia; Federal Aviation Agency; Federal Deposit Insurance Corporation; Library of Congress; National Aeronautics and Space Administration; National Science Foundation; Office of Civil and Defense Mobilization; Tennessee Valley Authority; and Housing and Home Finance Agency.

Table 16 FLOW OF FEDERAL FUNDS TO HIGHER EDUCATION IN THE UNITED STATES, UNDERGRADUATE, GRADUATE, AND POSTDOCTORAL LEVELS
(thousands of dollars)
(1959 and 1960)

	Undergraduate Level		Graduate Level		Postdoctoral Level	
	1959	1960	1959	1960	1959	1960
Agricultural sciences	$ 7,470	$ 4,969	$ 513	$ 734	$ 216	$ 189
Biological sciences	7,718	6,621	26,782	37,966	14,625	20,130
Clinical sciences	15,722	10,228	15,123	16,433	20,138	24,938
Education	40,928	30,890	713	1,991	451	592
Engineering	62,553	44,072	4,818	5,825	404	469
Physical sciences	18,400	14,072	48,666	60,676	3,113	3,094
Social sciences	12,539	9,568	9,179	12,155	1,219	1,302
Other fields	139,335	96,498	32,130	37,716	1,314	3,099
General education	122,567	107,529	35	74	0	60
TOTAL	$427,230	$325,220	$137,961	$173,570	$41,481	$53,872

SOURCE: Federal Funds for Education: Fields, Levels, Recipients, 1959 and 1960, pp. 33, 68-76.

Figure 5 CURRENT-FUND INCOME FROM FEDERAL AND STATE-LOCAL GOVERNMENTAL SOURCES IN ACTUAL DOLLAR AMOUNTS AND AS A PERCENT OF TOTAL CURRENT INCOME FOR EDUCATIONAL AND GENERAL PURPOSES, INDIANA (FISCAL 1958 TO FISCAL 1967)

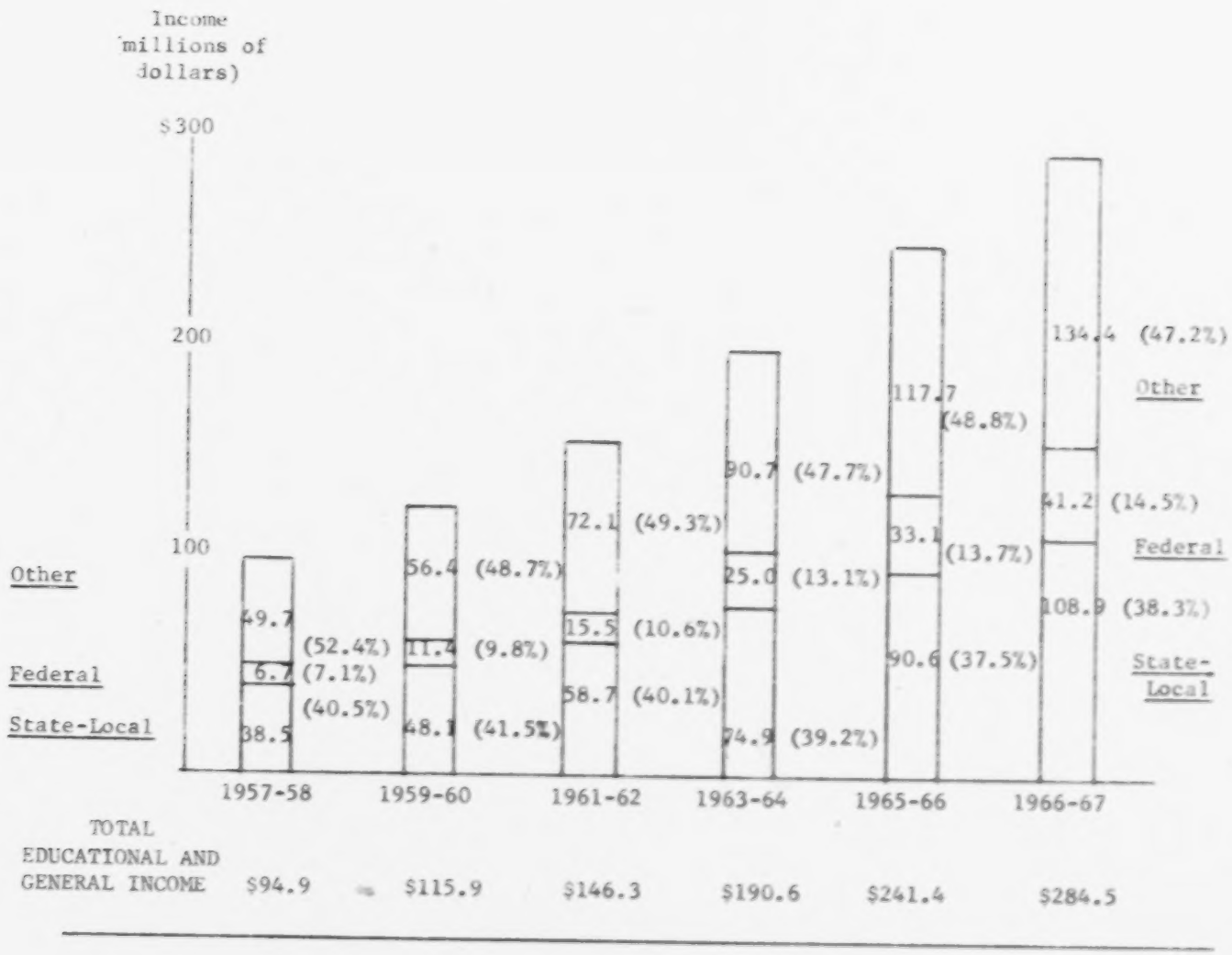


Table 17 INCOME FROM STATE-LOCAL GOVERNMENT TO INDIANA INSTITUTIONS OF HIGHER EDUCATION, STATE TOTAL FOR EDUCATIONAL AND GENERAL PURPOSES, AND STATE-LOCAL INCOME AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67	9-Year % Change
State-local income	$38,462,119	$ 48,138,285	$ 58,732,424	$ 74,865,796	$ 90,644,643	$108,895,680	183.1%
Educ. & general income	94,996,656	115,948,301	146,379,751	190,619,987	241,429,153	284,505,052	199.4
State-local income as % of educ. & general	40.5%	41.5%	40.1%	39.2%	37.5%	38.3%	--

Table 18 INCOME FROM FEDERAL GOVERNMENT TO INDIANA INSTITUTIONS OF HIGHER EDUCATION, STATE TOTAL FOR EDUCATIONAL AND GENERAL PURPOSES, AND FEDERAL INCOME AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67	9-Year % Change
Federal govt. income	$ 6,775,798	$ 11,398,061	$ 15,540,119	$ 25,085,544	$ 33,108,558	$ 41,201,442	508 %
Educ. & general income	94,996,656	115,948,301	146,379,751	190,619,987	241,429,153	284,505,052	199.4
Federal income as % of educ. & general	7.1%	9.8%	10.6%	13.1%	13.7%	14.5%	--

Table 19 FEDERAL FUNDS EXPENDED IN INDIANA BY SOURCE, PUBLIC, PRIVATE, AND STATEWIDE TOTALS, FISCAL 1967*

	Health, Education, & Welfare									
	U.S. Office of Education	Public Health Service	Other Agencies of HEW	Dept. of Agriculture	Dept. of Defense	Atomic Energy Commission	Nat'l. Aero & Space Found.	Nat. Science Found.	All Other Fed. Depts. Agencies	STATE TOTAL EXPENDED
Public	$3,979,519	$9,076,193	$85,028	$1,597,436	$2,702,245	$1,577,050	$1,585,079	$4,957,494	$2,447,258	$28,007,302
Private	847,981	890,017	336,616	--	541,946	1,573,605	127,345	1,731,790	862,516	6,911,816
Total	4,827,500	9,966,210	421,644	1,597,436	3,244,191	3,150,655	1,712,424	6,689,284	3,309,774	34,919,118
Percent of total:										
Public	82.4%	91.1%	20.2%	100.0%	83.3%	50.1%	92.6%	74.1%	73.9%	80.2%
Private	17.6	8.9	79.8	--	16.7	49.9	7.4	25.9	26.1	19.8

*All figures represent funds received under the following categories:

1. Instruction and departmental research
2. Extension and public service
3. Organized research
4. Other sponsored programs
5. Other grants and contracts

Table 20 FEDERAL FUNDS EXPENDED BY PURPOSE, PUBLIC, PRIVATE, AND STATEWIDE TOTALS, PERCENT OF TOTAL, FISCAL 1967

	Instruction & Dept. Research	Extension & Pub. Service	Organized Research	Other Spon. Programs	Other Grants & Contracts
Public	$3,139,016	$1,553,581	$20,878,973	$2,435,732	--
Private	944,069	14,441	5,166,981	718,814	$70,611
Total	4,083,085	1,568,022	26,045,954	3,154,546	70,611
Percent of total:					
Public	76.9%	99.1%	80.1%	77.2%	0.0%
Private	23.1	.9	19.9	22.8	100.0

Table 21 TUITION AND FEES INCOME EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	13.1%	11.5%	10.6%	12.0%	12.7%	12.3%
Private	67.5	66.1	68.9	68.1	68.9	64.3

Figure 6 INCREASE IN TUITION AND FEES INCOME IN INDIANA INSTITUTIONS OF HIGHER EDUCATION, PUBLIC AND PRIVATE (1957-58 TO 1966-67)

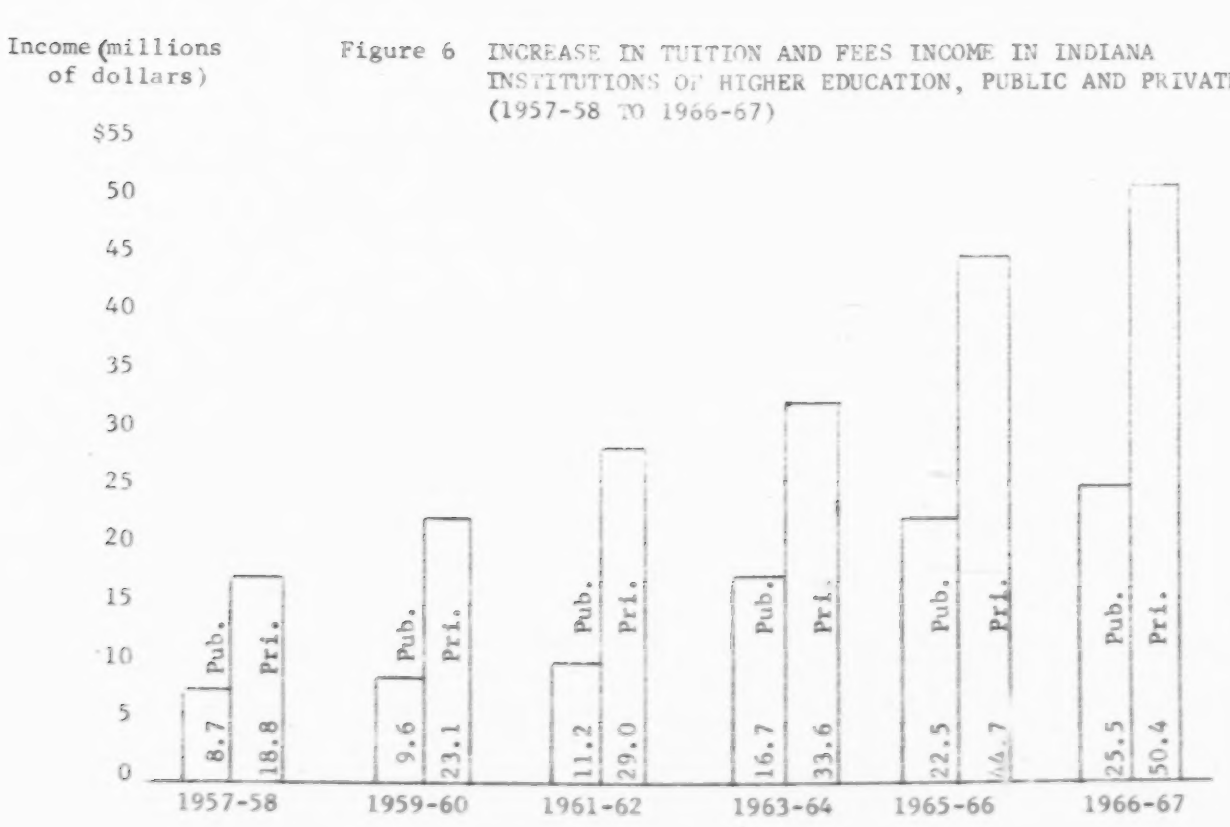


Table 22 ENROLLMENTS, TUITION AND FEES INCOME, AND APPROXIMATED TUITION AND FEES INCOME PER STUDENT IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS WITH A PERCENT CHANGE* (1957-58 TO 1966-67)

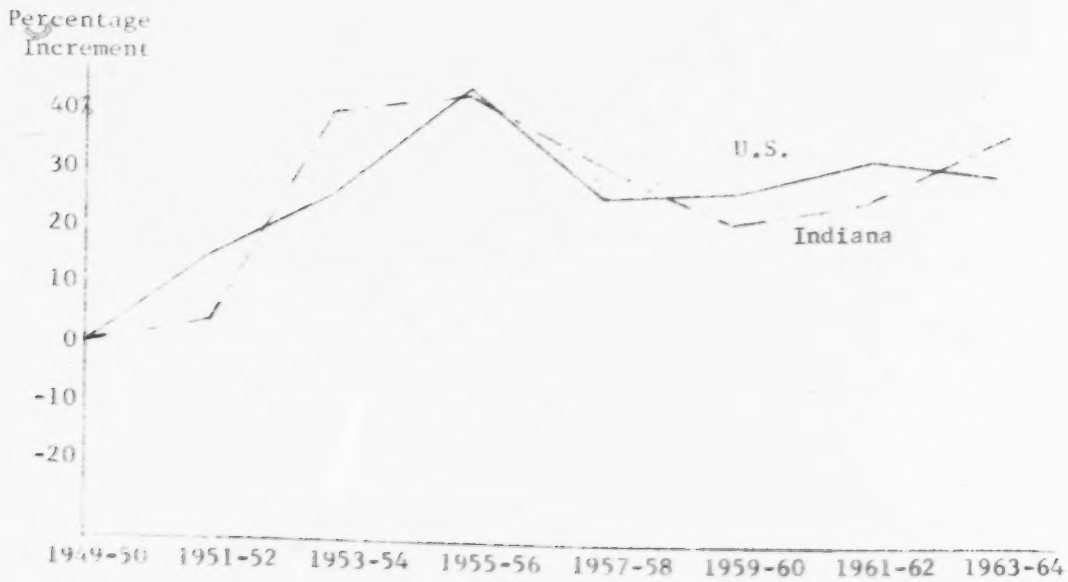
	1957-58	1966-67	Percent Change
Enrollments			
Public	54,517	101,468	122.9%
Private	34,955	52,855	54.3
Tuition and fees income			
Public	$8,729,618	$25,470,452	191.7
Private	18,760,786	50,365,140	168.4
Tuition and fees income per student			
Public	$191.78	$251.01	30.8
Private	536.71	952.89	77.5

*Table 22 gives a gross per student figure for tuition and fees without regard to any fee differential by residence or school. This general measure is obtained simply by dividing the total fall enrollment for a given year into the tuition and fees income for the corresponding fiscal year.

Table 23 TUITION AND FEES EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME IN FIVE ENROLLMENT CLASSIFICATIONS (1966-67)

Enrollment Classification	Number of Institutions	Total Tuition and Fees Income (in millions of dollars)	Tuition and Fees as a Percent of Total Educational & General Income
I. 500 or less	6	$1.2	49.18%
II. 501 to 750	6	3.2	80.69
III. 751 to 1500	10	13.6	73.86
IV. 1501 to 5000	9	18.8	74.39
V. 5001 or more	6	40.0	17.10
TOTAL	37	$76.8	--

Figure 7 PERCENT OF INCREMENT OVER PREVIOUS YEAR OF TUITION AND FEES INCOME FOR EDUCATIONAL AND GENERAL PURPOSES (U.S. AND INDIANA) (1949-50 TO 1963-64)*



*1949-50 = 0

Figure 8 CURRENT-FUND INCOME FROM ORGANIZED ACTIVITIES RELATED TO EDUCATIONAL DEPARTMENTS IN INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

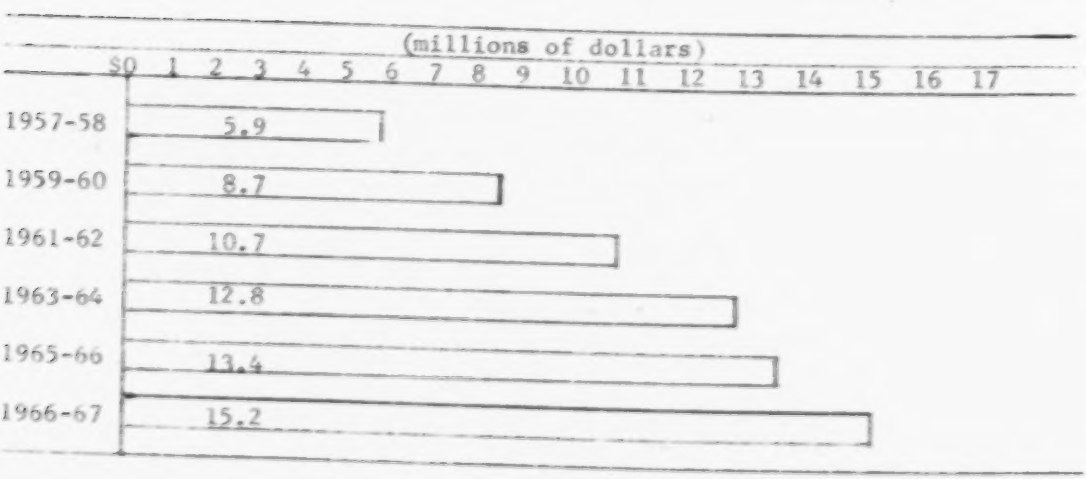
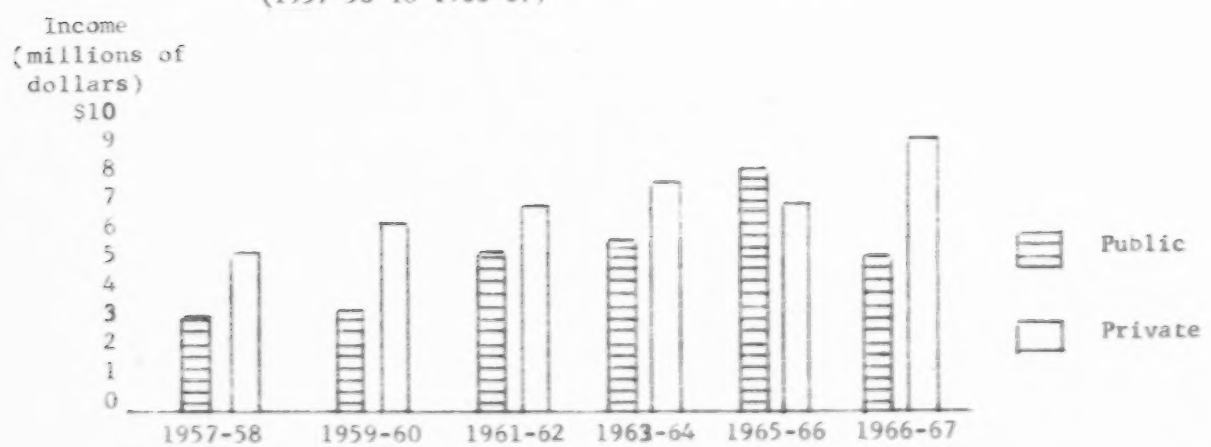


Table 24 PRIVATE GIFTS AND GRANTS EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	4.7%	4.5%	5.7%	4.5%	4.7%	2.6%
Private	19.9	18.9	17.5	15.2	10.7	12.3

Figure 9 CURRENT-FUND INCOME FROM PRIVATE GIFTS AND GRANTS IN INDIANA PUBLIC AND PRIVATE INSTITUTIONS (1957-58 TO 1966-67)



	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	$3.1	$3.8	$6.0	$6.2	$8.3	$5.4
Private	5.5	6.5	7.1	7.9	7.2	9.6

Table 25 CURRENT-FUND INCOME FROM PRIVATE GIFTS AND GRANTS TO PUBLIC INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

Year	Millions of Dollars	Percent of 1957-58	Percent Increase Over 1957-58	Percent of Preceding Year	Percent Increase Over Preceding Year
(1)	(2)	(3)	(4)	(5)	(6)
1957-58	$3,121,081	100.0%	--	--	--
1959-60	3,759,891	120.4	20.4%	120.5%	20.5%
1961-62	6,008,205	192.5	92.5	159.8	59.8
1963-64	6,260,584	200.5	100.5	104.2	4.2
1965-66	8,308,279	266.1	166.1	132.7	32.7
1966-67	5,445,876	180.3	80.3	65.3	-34.7

Table 26 CURRENT-FUND INCOME FROM PRIVATE GIFTS AND GRANTS TO PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

Year	Millions of Dollars	Percent of 1957-58	Percent Increase Over 1957-58	Percent of Preceding Year	Percent Increase Over Preceding Year
(1)	(2)	(3)	(4)	(5)	(6)
1957-58	$5,545,720	100.0%	--	--	--
1959-60	6,465,556	116.5	16.5%	116.5%	16.5%
1961-62	7,108,742	128.1	28.1	109.9	9.9
1963-64	7,902,275	142.4	42.4	111.1	11.1
1965-66	7,156,990	129.0	29.0	90.5	-9.5
1966-67	9,628,907	173.6	73.6	134.5	34.5

Table 27 PRIVATE GIFTS AND GRANTS EXPRESSED AS A PERCENTAGE OF TOTAL EDUCATIONAL AND GENERAL INCOME IN FIVE CLASSIFICATIONS OF INDIANA INSTITUTIONS OF HIGHER EDUCATION (1966-67)

Enrollment Classification	Number of Schools	Total Private Gifts and Grants Income (in thousands of dollars)	Private Gifts and Grants as a Percentage of Total Educational and General Income
I. 500 or less	6	$ 747	29.06%
II. 501 to 750	6	563	13.97
III. 751 to 1500	10	2,896	15.75
IV. 1501 to 5000	9	3,541	14.04
V. 5001 or more	6	7,328	3.13
TOTAL	37	$15,075	--

Table 28 PRIVATE GIFTS AND GRANTS TO INSTITUTIONS OF HIGHER EDUCATION IN THE UNITED STATES AND INDIANA, AND PERCENT OF INCREASE OVER THE PRECEDING YEAR, INDIANA AS A PERCENT OF THE UNITED STATES*
(1949-50 TO 1963-64)

Year	U.S.	% Change	Indiana	% Change	Indiana as % of U.S.
1949-50	$118,627,000	---	$ 3,007,000	---	2.53%
1951-52	149,826,000	26.3%	4,366,000	45.1%	2.91
1953-54	190,899,000	27.4	5,439,000	24.5	2.84
1955-56	245,085,000	33.0	6,067,000	11.5	2.47
1957-58	324,970,000	27.8	8,666,801	42.8	2.66
1959-60	383,187,000	17.1	10,225,447	17.9	2.66
1961-62	450,145,000*	17.5	13,116,947	28.2	2.91
1963-64	550,684,000*	22.3	14,163,342	7.9	2.57

*Data not available for U.S. totals beyond 1963-64.

Figure 10 ENDOWMENT EARNINGS IN ALL INDIANA INSTITUTIONS OF HIGHER EDUCATION
(1957-58 TO 1966-67)

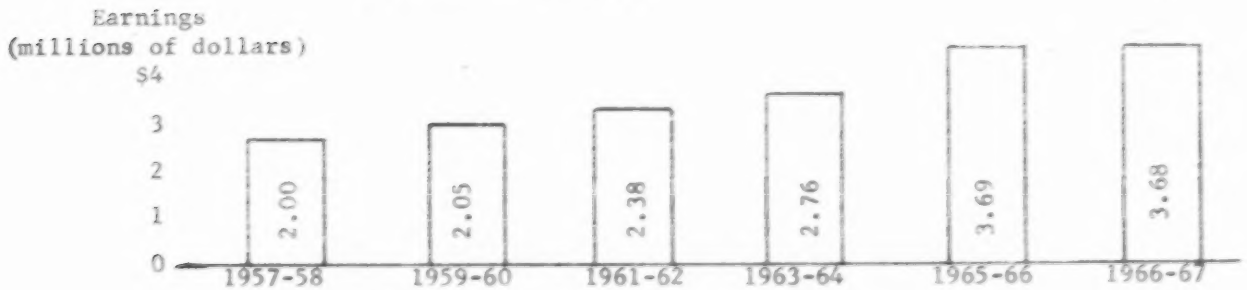


Table 29 ENDOWMENT EARNINGS EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL INCOME IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS
(1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	.24%	.19%	.15%	.16%	.18%	.15%
Private	6.40	5.37	5.28	4.81	4.69	4.27

IV. TOTAL EDUCATIONAL AND GENERAL EXPENDITURES IN INDIANA INSTITUTIONS OF HIGHER EDUCATION

In addition to capital improvements in buildings, land, and equipment, and the management of endowment funds, colleges and universities must concern themselves with the annual operation of the various programs of instruction and research on the campus. Endowment funds are generally static, with only the income realized from the investment of the funds available for expenditure. Capital investments are important in order to have an adequate physical plant in which to house students and conduct instructional programs. The annual operations of a college or university usually require twice the funds for capital accretion and are composed of three major financial items: (1) auxiliary enterprises, (2) student aid, and (3) educational and general operations. Auxiliary enterprises are an important function of educational institutions as well as student aid; however, the income and expenditure for these two categories have little impact on educational and general finances since auxiliary enterprises are theoretically operated on a self-supporting basis through user charges, and student aid funds are received and disbursed specifically for the financial assistance of members of the student body.

The largest single item in the total operating cost of any college and university is that of educational and general operations. It has been shown that sources of income for educational and general purposes vary primarily with the control of the institution. Public colleges and universities receive the greatest percentage of their educational and general income from governmental sources, primarily in the form of

state tax appropriations. Private institutions derive the largest percentage of income from student tuition and fees. While public and private institutions differ markedly in sources of income, they are more similar in the way in which this annual operating income is spent. Figures 11 and 12 illustrate percentages of income and expenditure in Indiana for the fiscal year 1967. It should be kept in mind that these percentages are averages and not representative of any one institution, public or private. For a more detailed description of the various categories of income and expenditure indicated in the figures, see Appendix B.

According to the data in the latest issue of the Digest of Educational Statistics, 1967, (U.S. Office of Education, Department of Health, Education, and Welfare, Washington, D.C.: U.S. Govt. Printing Office, 1968, pp.95-6) and the 1963-64 financial figures, educational and general expenditures accounted for 82.0 percent of the total current-fund expenditures in public institutions in the country; auxiliary enterprises constituted 15.8 percent; and student aid, 2.1 percent. A similar picture is displayed for the private institutions with educational and general constituting 79.4 percent; auxiliary enterprises, 15.8 percent; and student aid, 4.7 percent of total current-fund expenditures in 1963-64.

STUDENT AID FUNDS

Student aid funds include grants-in-aid, scholarships, and fellowships, but not student work assignments or student loans. Because these funds are directly allocated for student financial assistance, they do not have a great influence on the funds used for annual operations of the institutions. Their importance lies primarily in assuring the continued education of students who may not be able to afford the current personal costs involved.

Student aid expenditures have generally increased over the nine-year period from 1957-58 to 1966-67. The statewide total of $19.2 million represents an increase of 553.6 percent over the 1957-58 figure of $2.9 million. The increase in the public sector was 796.0 percent, while the private sector's increase was 343.7 percent (Figure 13).

Generally the percent of the total expenditure for student aid has paralleled the percent of the total enrollment in both the public and the private sectors of higher education in Indiana. In 1959-60, for example, the public sector enrolled 58.4 percent of all students and expended 55.4 percent of all student aid. Similarly, in 1966-67 the private sector enrolled 34.2 percent of all students and expended 36.4 percent of all student aid in the state (Table 30).

AUXILIARY ENTERPRISES

Auxiliary enterprises are usually separated from educational and general income and expenditures since they are for the most part self-supporting. Since they are self-supporting, the income and expenditure amounts in this category are approximately the same. This source of income has risen proportionally with the total educational and general income and is equal to less than one-half of the actual dollar amounts of educational and general income in Indiana. Such activities exist to furnish a service to students, faculty, or staff and usually charge a fee that is directly related to, although not necessarily equal to, the cost of the service. These services include housing and food services, college unions, student stores, laundries, and in some instances intercollegiate athletics. In other cases, however, such items as intercollegiate athletics are operated as an integral part of a department of physical

education and are thus classified under organized activities relating to educational departments. In the data submitted to the Department of Health, Education, and Welfare from Indiana institutions, it is impossible to specify those individual items within the auxiliary enterprise category; however, it is assumed that its components are consistent throughout the time period under discussion.

Income from auxiliary enterprises has been consistently increasing both in the United States and in Indiana over the last two decades. The U.S. figure in 1949-50 was $511,265,000; in 1959-60 it had risen to $1,005,963,000; and the last available data places auxiliary income at $1,606,974,000 in 1963-64 for the United States as a whole. Total income from auxiliary enterprises in Indiana has risen at approximately the same rate. In 1949-50 Indiana income stood at $24,163,000, rose to $44,806,730 in 1959-60, and reached its highest point in 1966-67 with a total of $91,711,070, a total increase of 146.0 percent.

The increase in Indiana public institutions of higher education has been somewhat higher than in the private institutions, although both have increased significantly. The public institutions have grown from $20.2 million in 1957-58 to $59.5 million in 1966-67, almost a threefold increase. The private institutions have grown from $12 million in 1957-58 to $32.2 million in 1966-67, this is slightly less than a tripling of the earlier figure (Figure 14).

EDUCATIONAL AND GENERAL EXPENDITURES

As an overview, it may be stated that in higher education in Indiana during the last nine years enrollments have almost doubled; expenditures for educational and general purposes have tripled. Educational and

general expenditures are comprised of the following: instruction and departmental research; extension and public service; libraries; physical plant maintenance and operation; general administration, general institutional expense, and student services; and, other sponsored programs. In 1966-67 the greatest proportion of educational and general expenditures in Indiana was used for instruction and departmental research--$120 million, followed by general administration--$41 million, organized research--$40 million, and physical plant maintenance operation--$28 million, (Figure 15). The percentages of these expenditures vary according to public and private sectors. Each sector spends slightly over 44 percent for instruction and departmental research. General administration was 12.28 percent in the public sector and 22.67 percent in the private. Organized research accounted for 16.37 percent, public and 9.58 percent, private, and physical plant maintenance and operation was 9.77 percent, public and 12.13 percent, private (Table 31).

Total educational and general expenditures in Indiana reached an all-time high of $272 million in 1966-67. These expenditures have increased in both the public and private sector. The public sector increased expenditures 208.8 percent from $63.9 million in 1957-58. The private sector witnessed a 181.4 percent growth from 1957-58. At the same time, the statewide total has grown from slightly less than $100 million to $273 million, or an increase of 200.7 percent (Figure 16).

The larger institutions of higher education in Indiana spend greater amounts of money for educational and general purposes and constitute a larger percentage of the statewide expenditure for this item. By dividing the number of institutions into the total current expenditure for educational

and general purposes within each of the five enrollment classifications, an average amount for each institution is derived. The six smallest institutions spend an average of $460,000 for educational and general purposes while the six largest institutions average $37.6 million per institution (Table 32).

Generally, the smaller the size of the institution, the larger the proportion of the total educational and general expenditure comprised of general administrative expense, ranging from 12.65 percent in the larger institutions to 37.44 percent in the smallest (Table 33). Most of the institutions in Indiana spend between 13 and 15 percent of total educational and general expenditures on the maintenance and operation of their physical plants. Only in the largest institutions does this expenditure item fall below 10 percent of the total (Table 34).

Expenditures for instruction and departmental research have risen 195.3 percent from $40.7 million in 1957-58 (Figure 17). Although the actual dollar amounts have risen substantially over the nine-year period, their relationship to the total educational and general expenditures has remained approximately the same (Table 35). There has been a greater increase in expenditures in the public sector, 229.6 percent from $26,383,443 in 1957-58, than in the private, $132.4 percent from $14,339,250 (Figure 18). Institutions with enrollments of 500 students or less seem to spend a smaller proportion of their total educational and general funds on instruction and departmental research--37.53 percent, while institutions in the 751 to 1,500 enrollment range expend the highest percentage--51.41 percent, followed closely by institutions that range in size from 1,501 to 5,000--50.85 percent (Table 36).

ANNUAL EXPENDITURES FOR EDUCATIONAL AND GENERAL OPERATING EXPENSES PER STUDENT

One of the most useful methods of assessing the major costs of providing higher educational programs is to compute the expenditure for educational and general operations on a per student basis. The nationwide figures for the fiscal year 1965-66 show that the private colleges and universities spent annually an average of $2,103 per student for educational and general purposes, and the public institutions spent $1,545. Thus, the expenditure per student in the private sector was 36 percent higher than in the public. This followed a ten-year trend. In 1955-56 the comparable figures were $1,189 (private) and $1,280 (public). However, in the next year the private figure became a trifle higher than the public ($1,268 and $1,260, respectively), and thereafter the gap widened each year (Appendix A).

The U.S. Office of Education projections to 1975-76 estimate that for 1975-76 the figures will be $2,798 (private) and $1,710 (public), the private being nearly 64 percent higher than the public. Both the expansion and the shifting of enrollments during the twenty years (1955-75) are unprecedented. From 1955 to 1965 enrollments in private institutions grew by 62 percent, and by 144 percent in public institutions. The U.S. Office of Education, being extremely conservative, predicts that from 1965 to 1975 the rates of growth will be 41 percent and 74 percent, respectively.

If we accept these predictions, however, and compute the rates of gain for the whole twenty-year period (near the middle of which we now stand), the growth rates are 128 percent (private) and 325 percent (public).

In simple words, over the twenty-year period the enrollments in private institutions will have substantially more than doubled, and in public institutions, more than quadrupled.

Indiana, in the fiscal year 1963-64, had an average annual expenditure per student among its private institutions of $1,175. Ranked among the other 47 states on the same basis (Nevada and Wyoming had no private institutions), Indiana's expenditure was twenty-seventh, slightly below the median figure of $1,221. The range was from $5,172 in California (quite atypical), and $3,733 in Maryland, to $732 in Arkansas and $702 in Oklahoma (Table 37, Appendix A).

Indiana's total expenditure for educational and general operating expenses by public institutions in 1963-64 per student was $1,825, fifteenth in the ranking of the 50 states. The U.S. average was $1,556 with the upper limits of the range for the 48 mainland states at $2,643, Iowa, and $2,540, Vermont (Table 38).

It may be observed that Indiana's expenditures per student by institutions in the public sector were $650 more than those by institutions in the private sector in 1963-64 (Appendix A). In 1966-67 expenditures per student in the public sector for educational and general purposes had risen to $1,947. Similar expenditures in the private sector had risen to $1,421--a difference of only $526 per student between the public and the private institutions in the state.

RATIO OF TOTAL ANNUAL OPERATING EXPENDITURES TO TOTAL POPULATION OF THE STATE: AVERAGE ANNUAL EXPENDITURE PER CITIZEN

The concept of average annual expenditure per citizen has only a loose and limited application. The expenditures of tax-supported institutions in almost all cases substantially exceed their income from state tax sources

because they also derive some income from such sources as private gifts, endowment earnings, student fees, and sales of goods and services. However, a concept that is useful, especially at the statewide level, is that of annual tax cost per citizen. It can be used quite precisely if it is limited to state tax cost per citizen.

In the case of the private colleges and universities, tax cost is not very germane because in most cases their income from state tax sources is nonexistent or negligible. It is possible to derive the ratio of their total annual operating expenditures to the total population of the state. This, however, is not a very meaningful figure because in some of them the annual income from student fees and private gifts comes in large part from sources outside the state, and this invalidates the point of any comparison with the state's population.

This ratio is useful, nonetheless, as a means of rectifying the skewing of the statewide picture and of interstate comparisons that are inherent in a showing of state tax cost per citizen. This skewing occurs because the percentage of in-state students in private institutions vary. In 1963-64, for example, the percentage varied 0 percent in two states, Nevada and Wyoming, to 80.3 percent in another state, Massachusetts (Table 39).

For many years Massachusetts has always been at the bottom of any ranking of the states by tax cost per citizen for public higher education, largely because four out of five of its students are in private institutions. Conversely, several of the mountain and far western states are at or near the top of any such listing because in most cases their percentages of students in private institutions are relatively small. Thus a tabulation of the states according to state tax cost per citizen for higher education has uses for proper purposes, but it does not afford a correct basis for ranking the states in order of the total of support accruing to all institutions, public and private. Available statistics afford a basis for an approximation of this latter ranking. By dividing the total annual educational and general expenditures, for either private or public colleges and universities--or both--by the total population of the states, a loose approximation of the average amount of annual support per citizen can be determined (Appendix A).

In the case of private universities and colleges, Indiana ranks seventeenth among the 48 for fiscal year 1963-64, with a figure of $10.70 per citizen. In this ranking the median amount is $8.15, with the range extending from $71.60 in Massachusetts (atypical) and $33.20 in New York to $1.10 in New Mexico and North Dakota and $0.56 in Arizona (Table 40, Table 41). In 10 states the figure is more than twice that of Indiana, and in 19 states the figure is less than half what it is in Indiana.

The rankings of tax cost per citizen are by no means identical with the ranking of the states according to the percentages of their students in private institutions, but there is a rough correspondence. Massachusetts

is at the top of both listings. Oklahoma is thirty-ninth in both; and New Mexico, North Dakota, and Arizona are the bottom three in both. The correspondence is also markedly noticed in the case of Indiana, which ranks eighteenth in percentage of students in private institutions (with 37.6 percent) and seventeenth in expenditures per citizen in private institutions of higher education. This tabulation is skewed in a direction opposite to that of a table of annual state tax cost per citizen, but roughly to a similar degree. It bears a similar relation to a ranking of states according to total annual expenditures in public institutions per citizen.

Utilizing the 1963-64 data, it may be noticed that Indiana is among only seven states that rank above the median amount expended for annual educational and general operating expenses in both the public and private sectors. As would be expected, most of the states in the northeastern section are above the median in the private sector and below the median in the public sector. The opposite ranking is evident in the case of the far western states that are above the median in the public sector and generally below it in the private sector (Figure 19, Figure 20). A more recent tabulation utilizing 1967-68 state tax funds appropriated per citizen indicates the relationships are generally the same as in 1963-64. Indiana ranks twentieth among the 50 states and is clearly above the median (Figure 21).

STATE TAX APPROPRIATIONS FOR ANNUAL OPERATING COSTS

The total of state tax-fund appropriations for annual operating expenses of Indiana's public universities has progressed from $45.5 million in fiscal 1960 to $132.6 million in fiscal 1968 (Table 42). The

percentage of increase over the eight-year period is slightly less than 192 percent. This means that the Indiana appropriations have somewhat less than tripled. Comparing Indiana with the other six states of the "big ten" universities and Kentucky shows that Indiana's percentage of gain is exceeded by Illinois (233½ percent), Ohio (247½ percent), and Wisconsin (247½ percent), and very greatly exceeded by Kentucky (397 percent). Making lesser rates of gain than Indiana are three of the "big ten" states: Minnesota (162½ percent), Iowa (147½ percent)--both of these states being comparatively small in population and having slow rates of population growth--and Michigan (142½ percent).

Indiana was in third place from 1960 until 1966, after which it was surpassed by Ohio. It is now in fourth place among the 7 "big ten" states (Figure 22). The nationwide average rate of gain among the 50 states over the same period was about 214 percent--substantially above Indiana's 192 percent. It will be noticed that Indiana's gain of 192 percent is approximately the median rate (Indiana ranks twenty-sixth among the fifty states). Indiana is 22 percentage points below the average rate of gain for the 50, and is the third state below the 214 percent average.

The percentages of gain in state tax support for operating expenses of the twenty leading universities in amount of support over the four-year period 1964-68 indicates that the weighted average for all twenty is 83 percent. Only one of the big ten universities exceeded that rate (University of Wisconsin). The average was also surpassed, however, by 7 other institutions not included in the big ten. Both Indiana University and Purdue University made less than average rates of gain over that four-year period (Table 43).

Another way of comparing the public sector of higher education in Indiana with its counterparts in the seven other states of the region is by tabulating the annual state tax cost for operating expenses per citizen. This is derived by dividing the appropriations for a given fiscal year by the total population of the state as of some date within that year. The comparability of the dollar figures is somewhat impaired by the state's differences in the percentage of all students in private and public institutions. However, in this region such differences are not enormously wide, and the percentages in Indiana are not far from the average for the region (Table 44).

It is noteworthy that Kentucky, despite spectacular rates of gain in appropriations over the eight years between 1960-68, continues to be below six of the seven states of the big ten universities (all except Ohio) in state tax cost per citizen for annual operating expenses of higher education. Ohio's relatively low position is explained partly by a comparatively high percentage of students in private institutions and in municipal universities that were almost wholly supported by local tax funds (not state tax funds) prior to 1967 and partly by the fact that Ohio has a tradition of parsimoniousness in support of its state universities.

Upon a review of the available data it will be observed that in each case, Indiana's standing, when compared with the other states of the geographic region, is somewhat below average. Where eight-year rates of increase in annual appropriations of state tax funds for operating expenses of higher education in all the 50 states are compared, Indiana's rate is below the national average. Likewise, when the focus is not on states as

a whole, but upon the twenty leading state universities, Indiana University and Purdue University are both below average position in that group. They are also below average in magnitude of appropriations for annual operating expenses and in rates of gain over the four-year period, 1964-68.

Figure 11 EDUCATIONAL AND GENERAL INCOME* FOR ALL INDIANA INSTITUTIONS OF HIGHER EDUCATION, FISCAL 1967

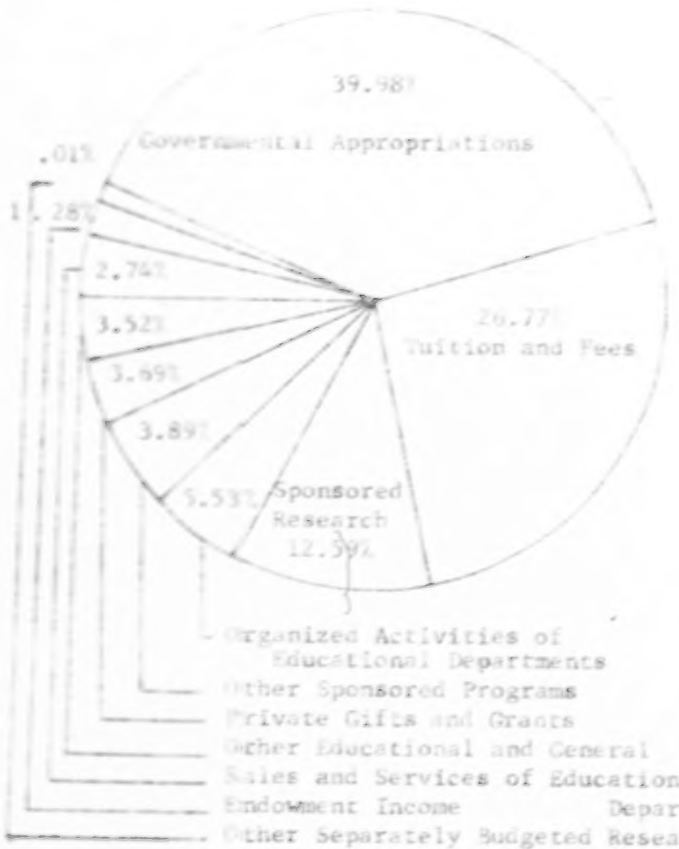
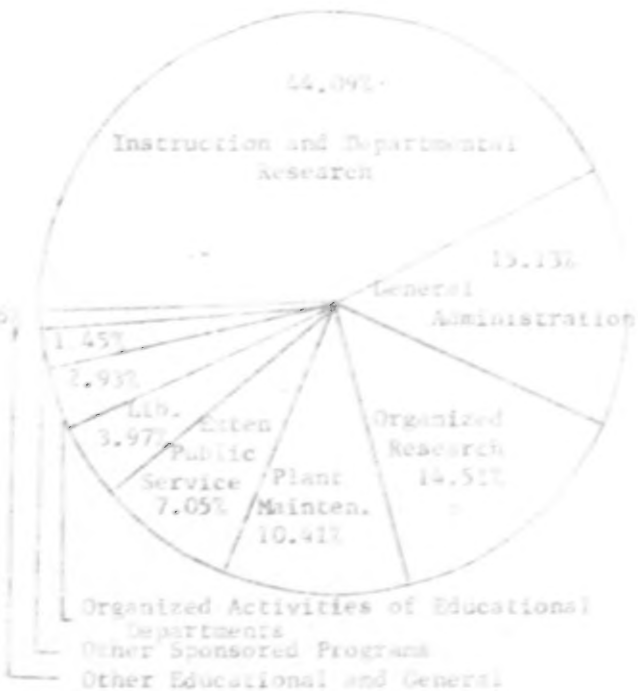


Figure 12 EDUCATIONAL AND GENERAL EXPENDITURES* FOR ALL INDIANA INSTITUTIONS OF HIGHER EDUCATION, FISCAL 1967



*See Appendix B.

Figure 13 CURRENT-FUND EXPENDITURES FOR STUDENT AID IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

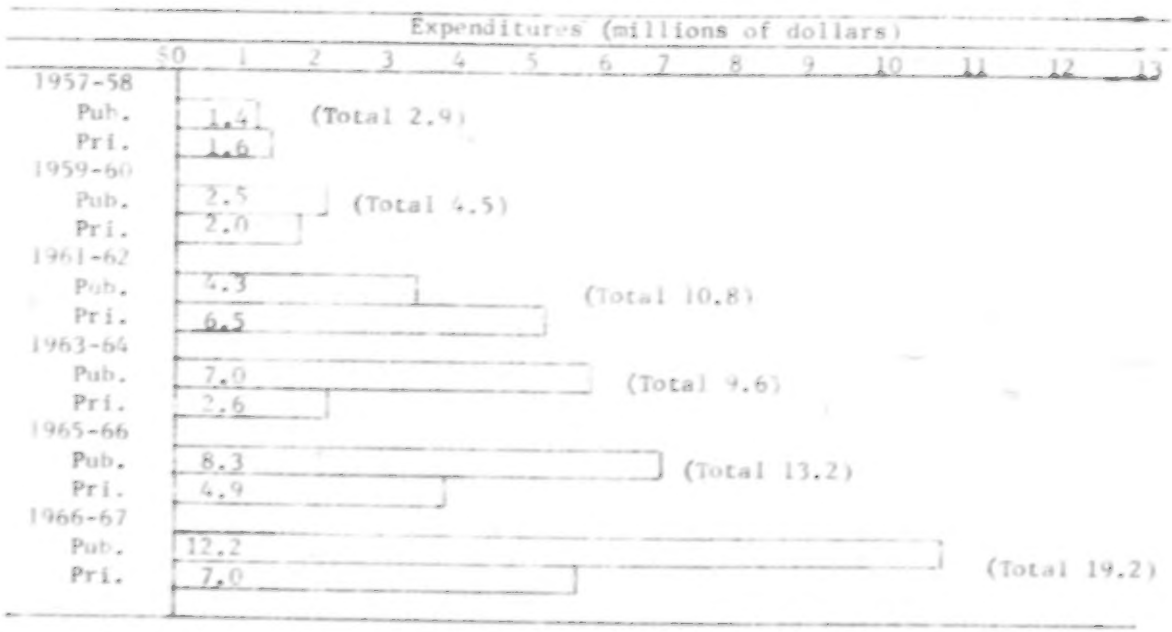


Table 30 PERCENT OF TOTAL STATEWIDE STUDENT AID EXPENDITURE AND PERCENT OF TOTAL STATEWIDE ENROLLMENT, PUBLIC AND PRIVATE INDIANA INSTITUTIONS (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Percent of student aid						
Public	46.4%	55.4%	39.8%	72.7%	62.8%	63.6%
Private	53.6	44.6	60.2	27.3	37.2	36.4
Percent of enrollment						
Public	56.6%	58.4%	61.3%	62.5%	64.5%	65.8%
Private	43.4	41.6	38.7	37.5	35.5	34.2

Figure 14 TOTAL GROSS INCOME OF AUXILIARY ENTERPRISES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

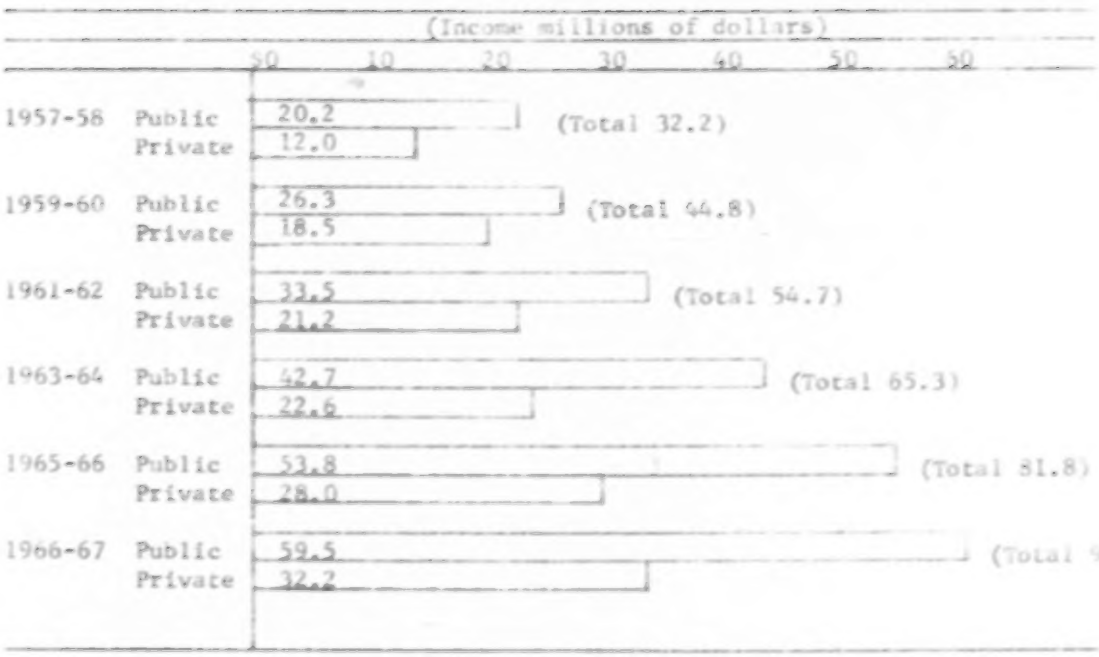


Figure 15 CURRENT-FUND EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1966-67)

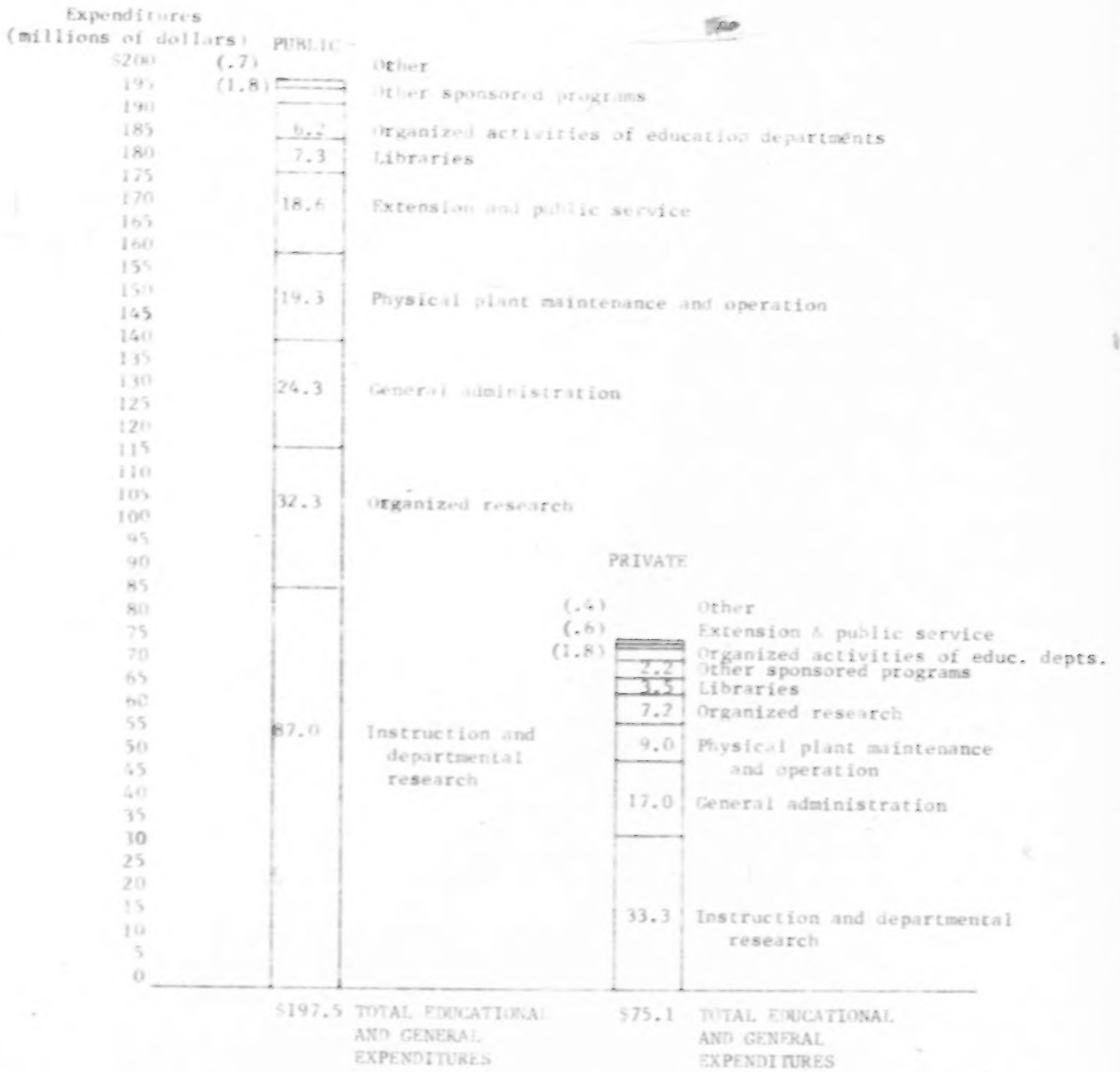


Table 11 PERCENTAGES OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES IN ALL INDIANA INSTITUTIONS OF HIGHER EDUCATION (1966-67)

	Public	Private	All Inst.
Instruction and departmental research	44.02%	44.78%	44.09%
Extension and public service	9.44	.76	7.65
Libraries	3.69	4.70	3.92
Physical plant maintenance and operation	9.72	12.13	10.41
General administration, general institutional expense, and student services	12.26	22.67	15.13
Organized activities relating to educational departments	3.13	2.39	2.93
Organized research	16.37	9.58	14.51
Other sponsored programs	.90	2.90	1.43
All other educational and general	.48	.59	.46
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	100.00%	100.00%	100.00%

Figure 14 TOTAL CURRENT EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS OF HIGHER EDUCATION (1957-58 TO 1966-67)

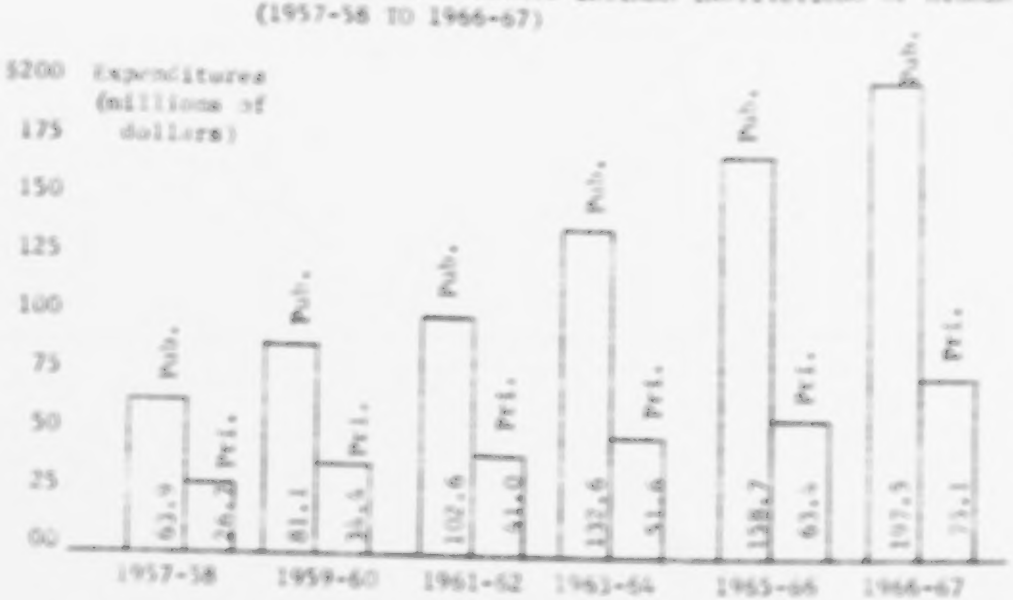


Table 32 AVERAGE EDUCATIONAL AND GENERAL EXPENDITURE PER INSTITUTION WITHIN FIVE ENROLLMENT CLASSIFICATIONS
(1966-67)

Classification	Average Expenditure (in millions of dollars)
I.	.46
II.	.66
III.	1.73
IV.	2.65
V.	37.60

Table 33 GENERAL ADMINISTRATION EXPENDITURES EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES WITHIN FIVE ENROLLMENT CLASSIFICATIONS
(1966-67)

No. of Institutions in Each Enrollment Classification		General Administration Expenditures		
		Amount in Millions of Dollars	% of Educational & General	% of Educational & General Minus Organized Research
I.	6	$1.1	37.44%	37.87%
II.	6	1.3	33.11	33.26
III.	10	4.3	24.76	25.07
IV.	9	6.3	26.77	26.83
V.	6	28.5	12.65	15.32
TOTAL	37	$41.5	--	--

Table 34 EXPENDITURES FOR PHYSICAL PLANT MAINTENANCE AND OPERATION EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES WITHIN FIVE ENROLLMENT CLASSIFICATIONS
EDUCATION
(1966-67)

No. of Institutions in Each Enrollment Classification		Physical Plant Maintenance & Operation Expenditures		
		Amount in Thousands of Dollars	% of Educational & General	% of Educational & General Minus Organized Research
I.	6	$373.9	13.27%	13.42%
II.	6	537.8	13.41	13.46
III.	10	2,503.5	14.48	14.66
IV.	9	3,259.8	13.88	13.91
V.	6	21,745.6	9.66	11.70
TOTAL	37	$ 28,420.6	--	--

Figure 17 CURRENT-FUND EXPENDITURES FOR INSTRUCTION AND DEPARTMENTAL RESEARCH, ALL INDIANA INSTITUTIONS (1957-58 TO 1966-67)

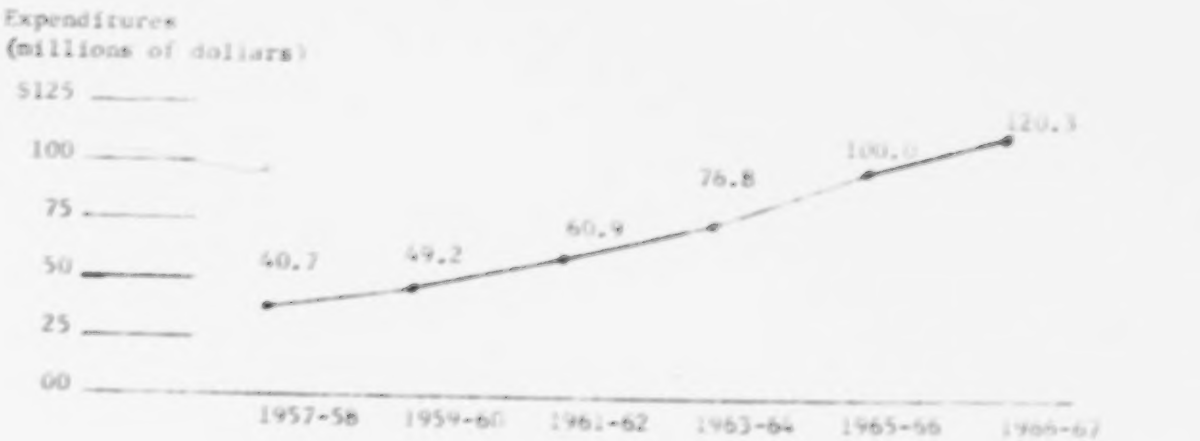


Table 35 CURRENT-FUND EXPENDITURES FOR INSTRUCTION AND DEPARTMENTAL RESEARCH EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES IN PUBLIC AND PRIVATE INDIANA INSTITUTIONS (1957-58 TO 1966-67)

	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Public	41.2%	39.6%	39.3%	39.5%	44.5%	44.0%
Private	53.7	49.5	50.0	47.4	46.3	44.4

Figure 18 CURRENT-FUND EXPENDITURES FOR INSTRUCTION AND DEPARTMENTAL RESEARCH, PUBLIC AND PRIVATE INDIANA INSTITUTIONS (1957-58 TO 1966-67)

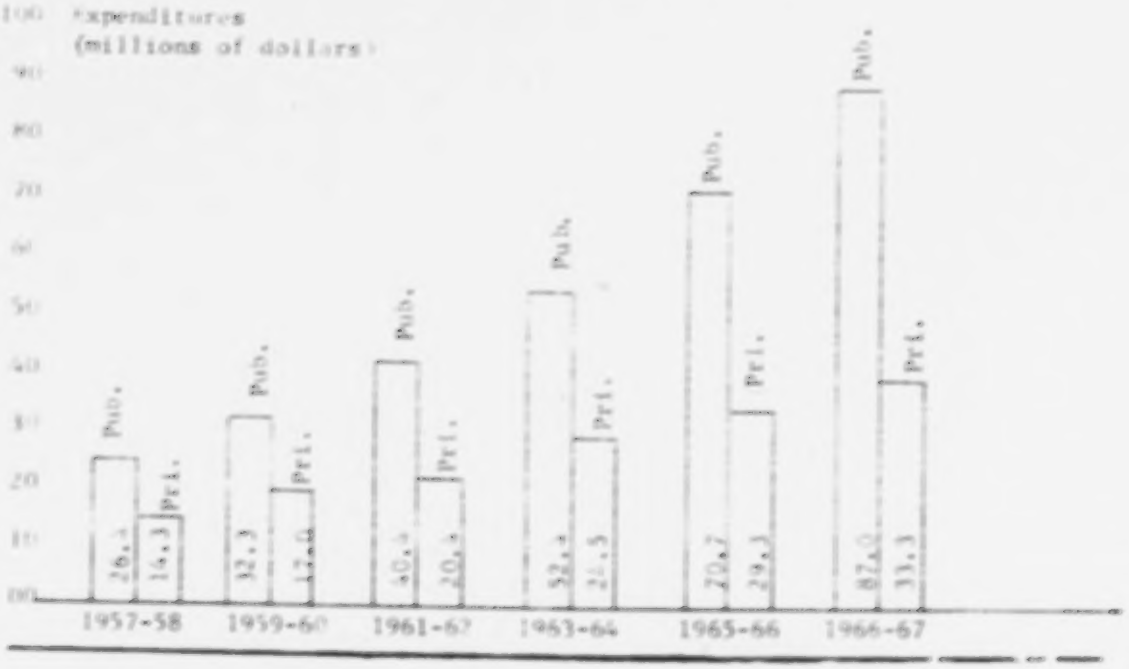


Table 36 EXPENDITURES FOR INSTRUCTION AND DEPARTMENTAL RESEARCH EXPRESSED AS A PERCENT OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES WITHIN FIVE ENROLLMENT CLASSIFICATIONS (1966-67)

Enrollment Classification	Number of Schools	Expenditure for Instruction and Departmental Research (in millions of dollars)	Instruction and Departmental Research as a Percentage of Total Educational and General Expenditures
I. 500 or less	6	$ 1.1	37.53%
II. 501 to 750	6	1.8	45.19
III. 751 to 1500	10	8.9	51.41
IV. 1501 to 5000	9	11.9	50.95
V. 5001 or more	6	96.9	42.93
TOTAL	37	$120.7	--

Table 37 STATES RANKED IN ORDER OF TOTAL EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES PER STUDENT, IN PRIVATE INSTITUTIONS OF HIGHER EDUCATION (1963 TO 1964)

1.	California	$3,172
2.	Maryland	3,733
3.	Massachusetts	3,070
4.	Illinois	2,566
5.	New Hampshire	2,491
6.	New York	2,359
7.	Alaska	2,258
8.	Missouri	2,053
9.	Rhode Island	1,982
10.	Georgia	1,928
11.	Maine	1,917
12.	Connecticut	1,911
13.	Tennessee	1,877
14.	North Carolina	1,808
15.	Pennsylvania	1,797
16.	Colorado	1,778
17.	Louisiana	1,771
18.	New Jersey	1,613
19.	Vermont	1,575
20.	Minnesota	1,310
21.	Wisconsin	1,287
22.	Virginia	1,264
23.	Nebraska	1,231
24.	Ohio	1,212
25.	Texas	1,198
26.	Florida	$1,192
27.	Indiana	1,175
28.	Arizona	1,141
29.	North Dakota	1,128
30.	Oregon	1,119
31.	Michigan	1,070
32.	Utah	1,068
33.	Hawaii	1,068
34.	Iowa	1,056
35.	Kansas	926
36.	Kentucky	900
37.	South Carolina	900
38.	Alabama	900
39.	South Dakota	888
40.	Idaho	852
41.	West Virginia	816
42.	Washington	812
43.	Delaware	811
44.	New Mexico	773
45.	Montana	762
46.	Mississippi	760
47.	Arkansas	732
48.	Oklahoma	702
49.	Nevada	0
50.	Wyoming	0

Table 38 STATES RANKED IN ORDER OF TOTAL EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES PER STUDENT, IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION (1963 TO 1964)

1.	Alaska	$8,765	26.	Pennsylvania	$1,639
2.	Iowa	2,643	27.	South Dakota	1,590
3.	Vermont	2,540	28.	Kentucky	1,572
4.	Virginia	2,126	29.	Illinois	1,570
5.	Hawaii	2,074	30.	Utah	1,525
6.	Delaware	1,984	31.	Montana	1,492
7.	Oregon	1,973	32.	North Dakota	1,473
8.	Rhode Island	1,966	33.	Arkansas	1,441
9.	North Carolina	1,948	34.	Kansas	1,438
10.	Colorado	1,945	35.	Idaho	1,413
11.	Alabama	1,914	36.	Ohio	1,385
12.	Washington	1,913	37.	Nebraska	1,382
13.	New Hampshire	1,895	38.	Florida	1,339
14.	Minnesota	1,861	39.	West Virginia	1,323
15.	Indiana	1,825	40.	New York	1,312
16.	New Mexico	1,818	41.	Louisiana	1,312
17.	Maryland	1,817	42.	Missouri	1,284
18.	Maine	1,788	43.	Mississippi	1,241
19.	Wisconsin	1,768	44.	Oklahoma	1,240
20.	Nevada	1,743	45.	Tennessee	1,216
21.	Michigan	1,709	46.	Connecticut	1,173
22.	Wyoming	1,683	47.	Texas	1,128
23.	South Carolina	1,677	48.	Arizona	1,073
24.	Georgia	1,668	49.	New Jersey	1,070
25.	California	1,653	50.	Massachusetts	1,065

Table 39 PERCENTAGE OF STUDENTS IN EACH STATE ENROLLED IN PRIVATE INSTITUTIONS OF HIGHER EDUCATION (1963 TO 1964)

1.	Massachusetts	80.3%	26.	Nebraska	27.9%
2.	Pennsylvania	74.8	27.	Minnesota	27.6
3.	Rhode Island	62.7	28.	Arkansas	27.5
4.	New York	61.9	29.	Wisconsin	27.3
5.	Connecticut	61.0	30.	Alaska	26.2
6.	Vermont	53.7	31.	Oregon	25.3
7.	New Hampshire	53.1	32.	Washington	24.3
8.	Iowa	48.1	33.	West Virginia	24.1
9.	New Jersey	47.7	34.	Texas	23.9
10.	Illinois	47.2	35.	Louisiana	23.3
11.	South Carolina	46.0	36.	Colorado	22.3
12.	North Carolina	45.0	37.	Idaho	22.2
13.	Ohio	42.1	38.	Michigan	20.7
14.	Maryland	42.0	39.	Oklahoma	19.5
15.	Missouri	41.5	40.	Kansas	18.4
16.	Maine	40.3	41.	Mississippi	17.8
17.	Tennessee	39.0	42.	Delaware	17.2
18.	Indiana	37.6	43.	California	14.8
19.	Utah	36.0	44.	Montana	14.4
20.	Virginia	34.0	45.	Hawaii	10.2
21.	Kentucky	32.4	46.	New Mexico	7.0
22.	Georgia	32.4	47.	North Dakota	4.0
23.	Florida	29.5	48.	Arizona	1.7
24.	Alabama	29.3	49.	Nevada	0.0
25.	South Dakota	28.4	50.	Wyoming	0.0

Table 40 STATES RANKED IN ORDER OF TOTAL EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES, PER CITIZEN, IN PRIVATE INSTITUTIONS OF HIGHER EDUCATION (1963 TO 1964)

1.	Massachusetts	$71.6	26.	Oregon	$6.9
2.	New York	33.2	27.	Texas	6.3
3.	Maryland	29.0	28.	Florida	6.2
4.	New Hampshire	27.1	29.	Virginia	6.1
5.	Illinois	27.1	30.	South Dakota	5.7
6.	Pennsylvania	26.4	31.	South Carolina	5.5
7.	Connecticut	25.4	32.	Kentucky	5.2
8.	California	24.3	33.	Michigan	5.1
9.	Rhode Island	24.2	34.	Washington	5.0
10.	Vermont	23.0	35.	Kansas	4.5
11.	Missouri	17.7	36.	Idaho	4.1
12.	Utah	15.8	37.	Alaska	3.9
13.	Tennessee	14.2	38.	West Virginia	3.7
14.	North Carolina	13.9	39.	Oklahoma	3.6
15.	New Jersey	12.5	40.	Alabama	3.5
16.	Iowa	12.2	41.	Arkansas	3.3
17.	Indiana	10.7	42.	Mississippi	2.4
18.	Ohio	10.5	43.	Montana	2.4
19.	Maine	10.2	44.	Hawaii	2.2
20.	Colorado	9.9	45.	Delaware	2.1
21.	Nebraska	8.8	46.	New Mexico	1.1
22.	Louisiana	8.2	47.	North Dakota	1.1
23.	Minnesota	8.2	48.	Arizona	0.56
24.	Georgia	8.1	49.	Nevada	0.0
25.	Wisconsin	7.8	50.	Wyoming	0.0

Table 41 STATES RANKED IN ORDER OF TOTAL EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES, PER CITIZEN, IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION (1963 TO 1964)

1.	California	$44.3	26.	Louisiana	$20.0
2.	Alaska	42.9	27.	Virginia	19.9
3.	Utah	40.1	28.	Maryland	19.5
4.	Hawaii	38.3	29.	West Virginia	19.0
5.	Colorado	37.8	30.	Kentucky	18.8
6.	Washington	36.7	31.	Texas	18.8
7.	Oregon	35.8	32.	Illinois	18.5
8.	Wyoming	35.2	33.	North Carolina	18.4
9.	New Mexico	34.9	34.	New Hampshire	18.2
10.	North Dakota	33.5	35.	Mississippi	18.1
11.	Iowa	33.0	36.	Alabama	18.0
12.	Kansas	32.6	37.	Arkansas	16.9
13.	Vermont	31.9	38.	Florida	16.6
14.	Michigan	30.9	39.	Ohio	16.5
15.	Arizona	30.4	40.	Missouri	15.6
16.	Minnesota	30.4	41.	Georgia	14.6
17.	Wisconsin	28.4	42.	Tennessee	14.4
18.	Montana	28.3	43.	Rhode Island	14.2
19.	Indiana	27.6	44.	Maine	14.1
20.	Oklahoma	26.5	45.	South Carolina	12.0
21.	South Dakota	25.7	46.	New York	11.3
22.	Nebraska	25.6	47.	Connecticut	9.9
23.	Delaware	24.1	48.	New Jersey	9.1
24.	Nevada	23.9	49.	Pennsylvania	8.1
25.	Idaho	23.4	50.	Massachusetts	6.1

Figure 19 STATES ABOVE AND BELOW THE MEDIAN AMOUNT EXPENDED BY PRIVATE INSTITUTIONS OF HIGHER EDUCATION FOR ANNUAL EDUCATIONAL AND GENERAL OPERATING EXPENSES, FISCAL YEAR 1963-64, PER CITIZEN

Figure 20 STATES ABOVE AND BELOW THE MEDIAN AMOUNT EXPENDED BY PUBLIC INSTITUTIONS OF HIGHER EDUCATION FOR ANNUAL EDUCATIONAL AND GENERAL OPERATING EXPENSES, FISCAL YEAR 1963-64, PER CITIZEN

Figure 21 STATES ABOVE AND BELOW THE MEDIAN AMOUNT PER CITIZEN OF STATE TAX FUNDS APPROPRIATED FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION; FISCAL 1967-68
(NUMBERALS INDICATE RANK AMONG THE FIFTY STATES)

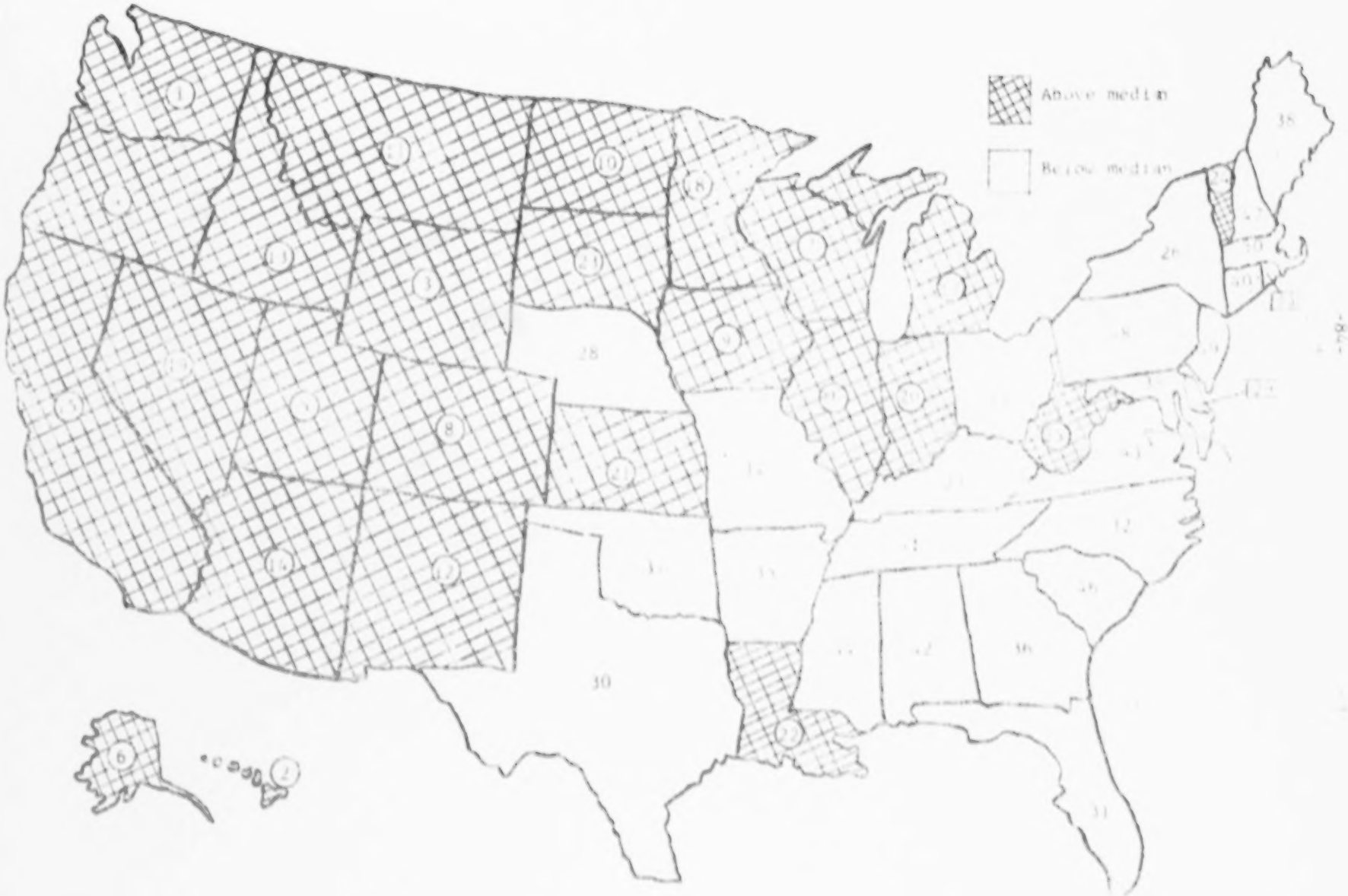


Table 42 THE FOUR QUARTILES OF THE 50 STATES, MEASURED BY RATE OF INCREASE IN STATE TAX-FUND APPROPRIATIONS FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION (in thousands of dollars) (1959-67)

Position (1)	State (2)	Year 1960 (3)	Year 1968 (4)	8-year Gain (5)	Percentage Gain (6)
Top of first quartile	New York	$78,546	$431,212	$352,666	449%
Top of second quartile	Georgia	24,058	87,369	63,311	263
Top of third quartile	INDIANA	45,463	132,628	87,165	192
Top of fourth quartile	Michigan	95,599	231,567	135,698	142
Bottom, fourth quartile	Oklahoma	27,014	46,858	19,844	73½
Weighted average rate of gain, 50 states, eight years, 1959-67					214

Figure 22 APPROPRIATIONS OF STATE TAX-FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION FOR ALTERNATE FISCAL YEARS, 1960-68, IN INDIANA, THE "BIG TEN" STATES, AND KENTUCKY

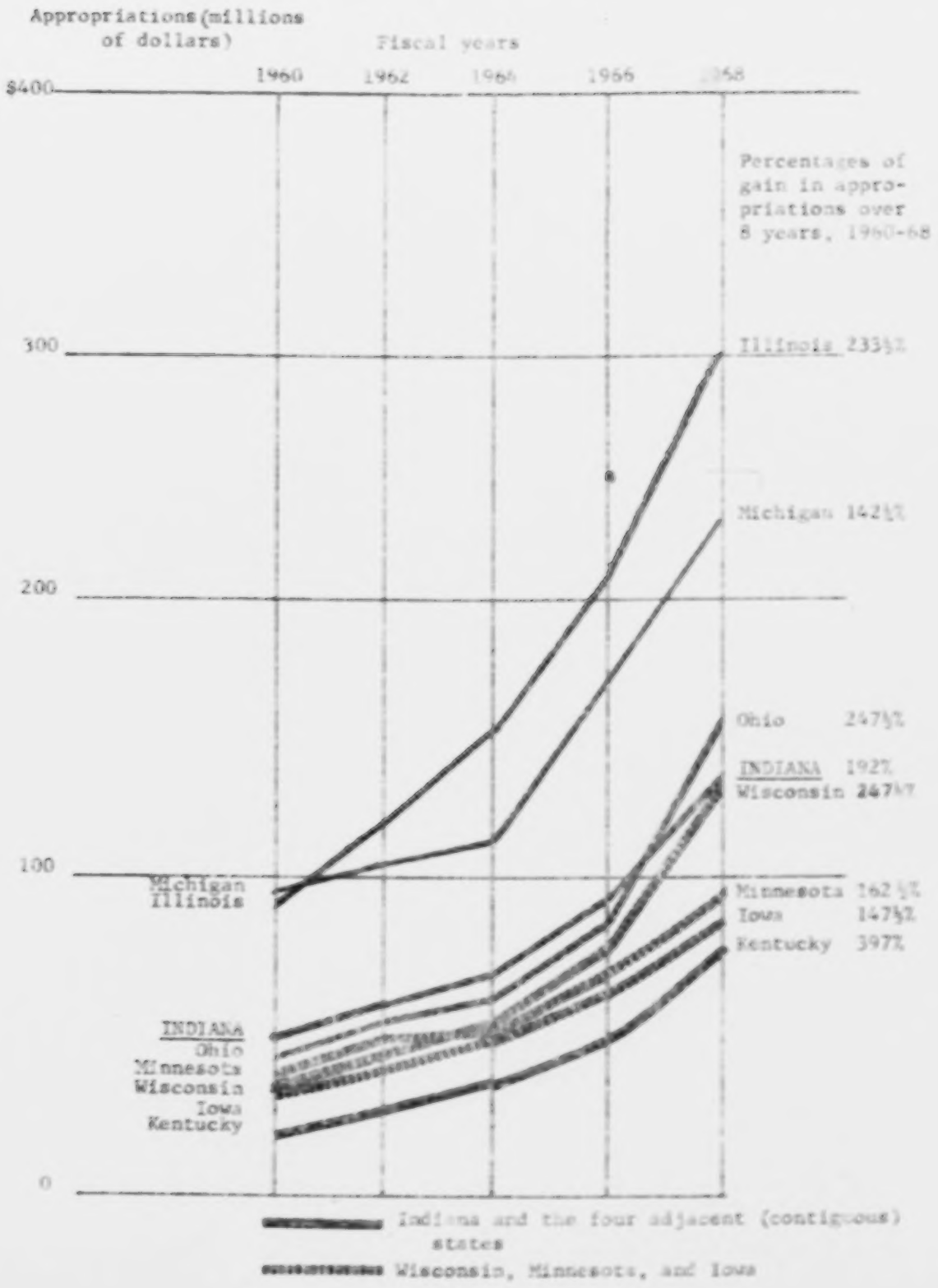


Table 43 TWENTY LEADING STATE UNIVERSITIES IN DESCENDING ORDER OF STATE TAX SUPPORT APPROPRIATIONS WITH DOLLAR GAINS AND PERCENTAGE GAINS OVER FOUR YEARS
(in thousands of dollars)
(FISCAL YEARS 1963-64 AND 1967-68)

State Universities	1963-64 Sums	1963-64 Ranks	1967-68 Sums	1967-68 Ranks	4-Year Gains	4-Year % Gains
(1)	(2)	(3)	(4)	(5)	(6)	(7)
State U. of New York	$94,113	2	$245,800	1	$151,687	161%
U. of California	155,384	1	243,524	2	88,140	56
U. of Illinois	76,791	3	125,719	3	48,928	63
U. of Wisconsin	36,900	7	84,010	4	47,110	127½
U. of Texas	40,289	4	78,686	5	38,397	95½
U. of Minnesota	39,307	5	65,514	6	26,207	67
U. of Missouri	30,094	13	59,266	7	29,172	97
U. of Michigan	38,225	6	59,161	8	20,936	55
Michigan State U.	32,260	9	56,749	9	24,489	79
U. of North Carolina (Consol)	32,236	10	56,197	10	23,961	74½
Indiana U.	30,729	12	55,985	11	25,256	82
Ohio State U.	35,512	8	55,217	12	19,705	55½
U. of Washington	31,754	11	54,366	13	22,612	40
Southern Illinois U.	27,097	16	51,153	14	24,056	89
Pennsylvania State U.	25,090	18	48,469	15	23,379	95
Purdue U.	28,153	14	47,114	16	18,961	67½
U. of Maryland	24,696	19	45,510	17	20,814	84½
Louisiana State U.	27,566	15	44,106	18	16,540	60
U. of Iowa	25,828	17	42,299	19	16,471	64
U. of Kentucky	20,356	20	41,909	20	21,553	106
TOTALS	852,380	--	1,560,754	--	708,374	--
Weighted average percentage of gain over four years, 1964-68						83

Table 44 ANNUAL STATE TAX COST FOR OPERATING EXPENSES OF HIGHER EDUCATION IN THE SEVEN STATES OF THE BIG TEN UNIVERSITIES AND KENTUCKY
(FISCAL YEAR 1966-67)

State	State Tax Cost Per Citizen
Wisconsin	$31.40
Iowa	31.16
Illinois	27.64
Michigan	26.98
Minnesota	26.53
INDIANA	26.51
Kentucky	23.31
Ohio	14.39

APPENDIX A

FINANCIAL STATISTICS FOR INDIANA AND THE UNITED STATES

Table A-1 INDIANA HIGHER EDUCATION FINANCIAL STATISTICS FOR SELECTED ITEMS OF INCOME AND EXPENDITURES, PUBLIC, PRIVATE, AND STATEWIDE TOTALS (1957-58 THROUGH 1966-67)

		1957-58	1959-60	Percent Change	1961-62	Percent Change	1963-64	Percent Change	1965-66*	Percent Change	1966-67+	Percent Change	9-Year Percent Change
Tuition and fees income for educational and general purposes (State total)	Public	38,729,618	49,581,257	9.8	311,159,188	16.4	316,697,954	69.5	322,525,169	36.9	425,470,432	13.1	(9)
	Private	18,760,786	23,178,871	23.5	28,975,407	25.0	35,632,842	23.0	44,694,172	25.4	50,385,160	12.6	168.6
		(57,490,404)	(72,762,128)	(19.1)	(40,134,693)	(22.5)	(52,324,616)	(30.3)	(67,219,321)	(28.4)	(76,835,593)	(14.3)	(179.1)
Current-fund income from federal government for educational and general purposes (State total)	Public	5,459,951	9,329,963	70.9	12,579,057	34.8	20,448,128	62.5	27,786,970	35.9	32,290,788	16.2	491.4
	Private	1,316,123	2,068,098	2.1	2,961,060	43.1	4,637,434	56.6	5,819,951	25.4	8,911,104	53.1	577.2
		(6,776,074)	(11,398,061)	(68.2)	(15,540,117)	(36.3)	(25,085,552)	(61.4)	(33,506,871)	(33.5)	(41,201,442)	(22.9)	(508.1)
Endowment earnings for educational and general purposes (State total)	Public	162,197	163,767	1.0	159,377	-2.7	227,632	42.8	320,276	40.6	329,801	2.9	103.3
	Private	1,843,694	1,882,727	3.1	2,221,680	17.9	2,533,780	14.0	3,043,244	20.1	3,347,439	9.9	81.5
		(2,006,891)	(2,046,496)	(2.0)	(2,380,857)	(16.3)	(2,761,412)	(15.9)	(3,363,522)	(21.8)	(3,677,240)	(9.3)	(83.3)
Current-fund income from private gifts and grants (State total)	Public	3,020,101	3,759,891	24.4	6,008,205	59.7	6,260,584	4.2	8,333,852	33.1	5,465,876	-34.4	80.9
	Private	5,545,605	6,465,556	16.5	7,108,742	9.9	7,902,758	11.1	7,156,990	-9.5	9,628,907	34.5	73.6
		(8,565,706)	(10,225,447)	(19.3)	(13,116,947)	(28.2)	(14,163,342)	(7.9)	(15,490,862)	(9.3)	(15,094,783)	(-2.7)	(76.0)
Income from organized activities of educational departments (State total)	Public	5,553,044	8,458,191	52.3	9,828,395	16.1	11,543,700	17.4	13,055,336	13.0	14,736,416	12.8	(165.3)
	Private	370,464	235,298	-36.5	892,853	279.6	1,254,696	40.5	389,013	-69.0	470,614	20.9	27.0
		(5,923,508)	(8,693,490)	(46.7)	(10,721,248)	(23.3)	(12,798,396)	(19.0)	(13,444,348)	(5.0)	(15,205,330)	(13.0)	(156.6)
Total current income for educational and general purposes (State total)	Public	66,220,977	82,927,708	25.2	104,352,179	25.8	137,971,942	32.2	176,629,258	28.0	206,725,116	16.7	211.9
	Private	28,775,679	35,020,593	21.7	42,027,572	20.0	52,644,045	25.2	64,799,895	23.0	78,279,936	20.8	172.0
		(94,996,656)	(115,948,301)	(22.0)	(146,379,751)	(26.2)	(190,819,987)	(30.3)	(241,429,153)	(26.6)	(284,565,052)	(17.8)	(199.5)
Total gross income of auxiliary enterprises (State total)	Public	20,183,978	26,291,429	30.2	33,491,222	27.4	42,711,983	27.5	53,767,105	25.8	59,498,632	10.6	194.8
	Private	17,090,991	18,515,301	8.3	20,883,180	12.7	23,572,561	12.8	28,135,549	19.3	32,508,394	15.5	90.2
		(37,274,969)	(44,806,730)	(20.2)	(54,374,402)	(21.3)	(66,344,524)	(20.1)	(81,902,654)	(25.3)	(92,006,676)	(12.3)	(146.8)
Current expenditures for instruction and departmental research (State total)	Public	26,383,443	32,200,507	22.0	40,426,124	25.5	52,377,059	29.5	70,686,768	34.9	86,961,332	23.0	229.6
	Private	14,339,250	17,044,979	18.8	20,483,304	20.1	24,455,947	19.3	29,190,477	20.1	33,332,099	13.4	132.6
		(40,722,693)	(49,245,486)	(20.9)	(60,909,428)	(23.6)	(76,833,006)	(26.1)	(100,877,245)	(30.2)	(120,293,431)	(20.2)	(195.3)
Total current expenditures for educational and general purposes (State total)	Public	63,967,185	81,181,952	26.9	102,633,907	26.4	132,809,186	29.2	158,727,087	19.6	197,511,446	24.4	208.7
	Private	26,681,347	36,416,722	28.9	40,932,106	18.9	51,604,555	26.0	63,416,100	22.9	75,083,450	18.3	181.5
		(90,648,532)	(115,598,674)	(27.5)	(143,566,006)	(24.1)	(184,213,741)	(28.3)	(222,143,187)	(20.5)	(272,594,896)	(22.7)	(200.7)
Current expenditures for student aid (State total)	Public	1,065,540	2,378,950	27.5	4,137,467	73.9	5,341,695	29.1	8,263,601	54.7	12,238,321	48.0	(1029.5)
	Private	1,911,639	2,217,046	15.9	3,196,485	53.1	4,363,330	28.4	4,929,908	12.9	7,074,202	43.4	270.0
		(2,957,179)	(4,595,996)	(55.4)	(7,333,952)	(63.9)	(9,705,025)	(28.8)	(13,195,709)	(35.9)	(19,312,523)	(46.3)	(553.0)
Total book value of physical plant at the end of the fiscal year (State total)	Public	243,417,837	313,876,015	29.7	390,998,841	23.7	490,769,790	25.5	597,405,623	21.7	661,370,916	10.7	171.7
	Private	112,907,624	130,826,303	15.8	156,441,851	19.5	210,236,045	34.3	231,684,117	10.2	310,706,109	34.1	175.1
		(356,325,461)	(446,702,318)	(25.3)	(547,438,692)	(22.5)	(701,005,835)	(28.0)	(829,089,740)	(18.2)	(972,076,125)	(17.2)	(172.8)

* Does not include: St. Mary's College, Valparaiso Technical Institute.
+ Does not include: Valparaiso Technical Institute.

SOURCE: U.S.Office of Education, Department of Health, Education, and Welfare, "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" as submitted by Indiana institutions of higher education.

Table A-2 SELECTED ITEMS OF INCOME AND EXPENDITURES FOR INSTITUTIONS OF HIGHER EDUCATION IN THE UNITED STATES AND INDIANA; INDIANA TOTALS AS A PERCENT OF UNITED STATES TOTALS (1949-50 THROUGH 1966-67)

	1949-50	1951-52	1953-54	1955-56	1957-58	1959-60	1961-62	1963-64	1965-66	1966-67
Income from student tuition and fees										
U.S.	$394,610,000	$466,591,000	$551,474,000	$772,215,000	$939,111,000	$1,161,753,000	$1,499,925,000	$1,892,839,000	N.A.	N.A.
Indiana	10,845,000	11,271,000	15,255,000	21,490,000	27,490,404	32,762,128	40,136,893	52,124,416	$67,219,321	$76,835,593
Indiana as % of U.S.	2.7%	2.5%	2.8%	2.8%	2.9%	2.8%	2.7%	2.8%	---	---
Income from federal government for educational and general										
U.S.	$524,319,000	$451,011,000	$417,097,000	$489,900,000	$712,431,000	$1,060,898,000	$1,537,697,000	$2,180,889,000	N.A.	N.A.
Indiana	11,686,000	8,013,000	5,630,000	5,661,000	8,776,074	11,398,061	15,560,117	25,085,522	$33,506,871	$41,201,442
Indiana as % of U.S.	2.2%	1.8%	1.3%	1.2%	1.0%	1.1%	1.0%	1.2%	---	---
Income from endowment for educational and general										
U.S.	$96,341,000	$112,859,000	$127,675,000	$145,009,000	$181,638,000	$208,665,000	$232,361,000	$286,214,000	N.A.	N.A.
Indiana	1,093,000	1,249,000	1,461,000	1,836,000	2,004,891	2,068,696	2,380,857	2,761,412	$3,685,718	$3,677,240
Indiana as % of U.S.	1.1%	1.1%	1.1%	1.3%	1.1%	1.0%	1.0%	1.0%	---	---
Income from private gifts and grants										
U.S.	$118,627,000	$149,826,000	$190,899,000	$265,085,000	$324,970,000	$383,187,000	$450,165,000	$550,684,000	N.A.	N.A.
Indiana	3,007,000	4,366,000	5,439,000	6,867,000	8,565,706	10,225,447	13,116,987	16,183,362	$15,690,862	$15,074,783
Indiana as % of U.S.	2.5%	2.9%	2.8%	2.5%	2.6%	2.7%	2.9%	2.6%	---	---
Income from organized activities of educational departments										
U.S.	$111,987,000	$136,442,000	$164,880,000	$191,829,000	$199,303,000	$246,894,000	$304,129,000	$363,586,000	N.A.	N.A.
Indiana	4,678,000	4,571,000	5,276,000	4,336,000	5,923,508	8,693,490	10,721,248	12,798,330	$13,464,358	$15,203,035
Indiana as % of U.S.	4.2%	3.4%	3.2%	2.3%	3.0%	3.5%	3.5%	3.5%	---	---
Total educational and general income										
U.S.	$1,833,845,000	$2,020,878,000	$2,338,569,000	$2,859,269,000	$3,762,532,000	$4,712,548,000	$6,060,421,000	$7,788,648,000	N.A.	N.A.
Indiana	48,937,000	54,423,000	62,418,000	73,802,000	94,956,656	115,968,301	146,379,751	180,619,987	$241,429,153	$284,503,052
Indiana as % of U.S.	2.7%	2.7%	2.7%	2.6%	2.5%	2.5%	2.4%	2.4%	---	---
Income from auxiliary enterprises										
U.S.	$511,265,000	$509,545,000	$574,770,000	$691,737,000	$841,539,000	$1,005,963,000	$1,210,885,000	$1,606,974,000	N.A.	N.A.
Indiana	24,163,000	23,141,000	28,801,000	34,490,000	37,274,969	44,806,730	54,174,102	65,344,526	$81,902,654	$92,006,676
Indiana as % of U.S.	4.7%	4.5%	5.0%	5.0%	4.4%	4.5%	4.5%	4.1%	---	---
Expenditures for instruction and departmental research										
U.S.	$780,996,000	$823,117,000	$960,555,000	$1,140,655,000	$1,477,350,000	$1,802,871,000	$2,202,643,000	$2,801,707,000	N.A.	N.A.
Indiana	21,007,000	23,085,000	27,183,000	37,194,000	40,722,693	49,245,688	60,709,628	78,831,305	$100,017,345	$120,293,431
Indiana as % of U.S.	2.7%	2.8%	2.8%	3.3%	2.8%	2.7%	2.8%	2.7%	---	---
Total expenditures for educational and general										
U.S.	$1,706,444,000	$1,921,209,000	$2,271,296,000	$2,766,362,000	$3,634,162,000	$4,536,036,000	$5,768,263,000	$7,425,063,000	N.A.	N.A.
Indiana	46,776,000	53,104,000	61,512,000	72,730,000	90,648,332	113,598,674	143,566,006	184,213,741	$222,143,187	$272,596,856
Indiana as % of U.S.	2.7%	2.8%	2.7%	2.6%	2.5%	2.5%	2.5%	2.5%	---	---
Expenditures for student aid										
U.S.	$63,100,000	$59,272,000	$74,035,000	$95,490,000	$131,386,000	$171,961,000	$228,765,000	$300,378,000	N.A.	N.A.
Indiana	917,000	887,000	1,086,000	1,454,000	2,957,179	4,595,998	7,533,952	9,705,025	$13,195,709	$18,312,523
Indiana as % of U.S.	2.1%	2.2%	1.5%	2.0%	2.3%	2.6%	3.3%	3.2%	---	---
Total book value of physical plant										
U.S.	$4,799,954,000	$6,373,195,000	$7,523,191,000	$8,858,907,000	$11,180,156,000	$13,586,360,000	$16,727,571,000	$21,335,751,000	N.A.	N.A.
Indiana	142,560,000	173,321,000	216,029,000	263,093,000	356,325,661	448,702,318	567,436,692	701,005,833	$829,089,760	$972,074,125
Indiana as % of U.S.	3.0%	2.7%	2.9%	3.0%	3.2%	3.3%	3.3%	3.2%	---	---

SOURCES: U.S. Office of Education, Department of Health, Education, and Welfare, Biennial Survey of Education (Washington, D.C.: U.S. Govt. Printing Office) and U.S. Office of Education, Department of Health, Education and Welfare, "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" as submitted by Indiana institutions of higher education

Table A-1 ENROLLMENT, TUITION AND FEES INCOME, AND TUITION AND FEES INCOME PER STUDENT IN THE PUBLIC AND PRIVATE SECTORS OF HIGHER EDUCATION IN INDIANA (1957-58 TO 1966-67)

	1957-58	1959-60	Percent Change	1961-62	Percent Change	1963-64	Percent Change	1965-66	Percent Change	1966-67	Percent Change	9-Year Percent Change
Enrollments:												
Public:	45,517	52,222	14.7%	64,779	24.0%	73,766	13.8%	92,404	25.2%	101,468	19.3%	122.9%
Private:	34,955	37,252	6.5	40,869	9.7	44,179	8.0	50,925	15.2	52,955	7.0	54.3
Tuition and fees income:												
Public:	$8,729,618	$9,583,252	9.8	$11,159,286	16.4	$16,592,954	48.7	$22,535,149	35.8	$25,570,432	13.4	191.7
Private:	18,760,786	23,178,871	23.5	28,975,607	25.0	35,632,662	23.0	44,696,172	25.4	50,365,149	12.6	168.5
Tuition and fees income per student:												
Public:	191.78	183.50	-4.4	172.27	-6.2	226.29	31.8	243.79	7.7	251.01	2.9	30.8
Private:	536.71	622.21	15.9	708.98	13.9	806.55	13.8	877.65	8.8	952.89	8.6	77.5

SOURCES: Enrollments: N.M. Fairhurst and T.N. Gunderson, "Report of Enrollment in Indiana Colleges and Universities" (The Indiana Association of Collegiate Registrars and Admissions Officers, Oct. 30, 1967) and Tuition and Fees Income: U.S. Office of Education, Department of Health, Education, and Welfare, "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" as submitted by Indiana institutions of higher education.

Table A-4 U.S. TOTALS: EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES, TOTAL OPENING FALL ENROLLMENTS, AND EXPENDITURES PER STUDENT IN PUBLIC, PRIVATE, AND TOTAL HIGHER EDUCATION. (1955-56 THROUGH 1975-76)

	Expenditures for Educational and General Purposes (in billions of dollars)			Total Opening Fall Enrollments			Expenditures for Educational and General Purposes Per Student		
	Public	Private	Total	Public	Private	Total	Public	Private	Average
1955-56	$1.9	$1.4	$3.3	1,483,677	1,176,75a	2,660,429	$1,280	$1,189	$1,240
1956-57	2.1	1.6	3.7	1,665,557	1,261,810	2,927,367	1,260	1,268	1,263
1957-58	2.3	1.7	4.0	1,762,726	1,284,647	3,047,373	1,304	1,323	1,312
1958-59	2.6	1.9	4.5	1,893,843	1,362,571	3,256,414	1,372	1,415	1,390
1959-60	2.8	2.1	4.9	1,984,022	1,393,251	3,377,273	1,411	1,507	1,450
1960-61	3.1	2.4	5.5	2,115,893	1,466,833	3,582,726	1,465	1,636	1,535
1961-62	3.4	2.7	6.1	2,328,912	1,531,731	3,860,643	1,459	1,762	1,580
1962-63	3.8	3.0	6.8	2,573,720	1,601,216	4,174,936	1,476	1,873	1,628
1963-64	4.3	3.2	7.5	2,848,454	1,646,172	4,494,626	1,509	1,943	1,668
1964-65	4.9	3.7	8.6	3,179,527	1,770,646	4,950,173	1,541	2,089	1,737
1965-66	5.6	4.0	9.6	3,624,442	1,901,883	5,526,325	1,545	2,103	1,739
Projected									
1966-67	6.2	4.4	10.6	4,005,000	2,050,000	6,055,000	1,548	2,146	1,750
1967-68	6.9	4.9	11.8	4,361,000	2,180,000	6,541,000	1,582	2,247	1,804
1968-69	7.4	5.2	12.6	4,651,000	2,270,000	6,923,000	1,590	2,290	1,820
1969-70	7.7	5.3	13.0	4,772,000	2,278,000	7,050,000	1,613	2,326	1,843
1970-71	8.1	5.7	13.8	4,971,000	2,328,000	7,299,000	1,629	2,448	1,890
1971-72	8.6	6.1	14.7	5,213,000	2,391,000	7,604,000	1,649	2,551	1,933
1972-73	9.1	6.4	15.5	5,502,000	2,473,000	7,976,000	1,653	2,589	1,943
1973-74	9.6	6.8	16.4	5,787,000	2,548,000	8,335,000	1,658	2,668	1,967
1974-75	10.2	7.2	17.4	6,064,000	2,621,000	8,685,000	1,682	2,747	2,003
1975-76	10.8	7.5	18.3	6,315,000	2,680,000	8,995,000	1,710	2,798	2,034

SOURCE: U.S. Office of Education, Department of Health, Education, and Welfare, Projections of Educational Statistics to 1975-76 (Form OE-10030-66; Washington, D.C.: U.S. Govt. Printing Office, 1966).

Table A-5 EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES, ENROLLMENTS, AND EXPENDITURES PER STUDENT
(By Public, Private, and Total Higher Education and by State, 1963-64)

	Expenditures for Educational and General Purposes (in thousands of dollars)			Enrollments			Expenditures for Educational and General Purposes Per Student		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Alabama	$61,214	$11,956	$73,570	31,980	13,281	45,261	$1,914	$900	$1,625
Alaska	10,744	987	11,731	1,226	437	1,663	8,763	2,258	7,054
Arizona	48,058	885	48,943	44,757	775	45,532	1,073	1,141	1,074
Arkansas	32,676	6,324	39,002	22,677	8,634	31,311	1,441	732	1,245
California	801,549	438,930	1,240,479	484,686	84,852	569,538	1,653	5,172	2,178
Colorado	74,346	19,536	93,882	38,206	10,988	49,194	1,945	1,778	1,908
Connecticut	27,524	70,349	97,873	23,457	36,794	60,251	1,173	1,911	1,624
Delaware	11,815	1,010	12,825	5,954	1,244	7,198	1,984	811	1,781
Washington, D.C.	1,715	89,140	90,855	4,739	44,046	48,785	362	2,023	1,862
Florida	95,022	35,408	130,430	70,949	29,697	100,646	1,339	1,192	1,295
Georgia	62,934	34,734	97,668	37,734	18,010	55,744	1,668	1,928	1,752
Hawaii	26,872	1,573	28,445	12,954	1,472	14,426	2,074	1,068	1,971
Idaho	16,186	2,799	18,985	11,450	3,286	14,736	1,413	852	1,288
Illinois	194,069	284,418	478,487	123,585	110,802	234,387	1,570	2,566	2,041
Indiana	133,068	51,764	184,832	72,912	44,059	116,971	1,825	1,175	1,580
Iowa	90,972	33,701	124,673	34,422	31,921	66,343	2,643	1,056	187
Kansas	73,101	10,637	83,738	50,846	11,483	62,329	1,438	926	1,343
Kentucky	59,357	16,317	75,674	37,746	18,127	55,873	1,572	900	1,354
Louisiana	69,481	28,548	98,029	52,972	16,118	69,090	1,312	1,771	1,418
Maine	13,963	10,125	24,088	7,807	5,281	13,088	1,788	1,917	1,834
Maryland	67,031	99,730	166,761	36,875	26,714	63,589	1,817	3,733	2,622
Massachusetts	32,412	382,105	414,517	30,425	124,429	154,854	1,065	3,070	2,676
Michigan	249,683	41,078	290,761	146,065	38,357	184,422	1,709	1,070	1,576
Minnesota	107,031	28,771	135,802	57,428	21,946	79,374	1,861	1,310	1,711
Mississippi	41,743	5,563	47,306	33,622	7,318	40,940	1,241	760	1,155
Missouri	68,861	78,259	147,120	53,607	38,102	91,709	1,284	2,053	1,604
Montana	19,947	1,722	21,669	13,362	2,261	15,623	1,492	762	1,386
Nebraska	37,921	13,096	51,017	27,425	10,638	38,063	1,382	1,231	1,340
Nevada	9,763	---	9,763	5,599	---	5,599	1,743	---	1,743
New Hampshire	11,887	17,720	29,607	6,270	7,114	13,384	1,895	2,491	2,212
New Jersey	60,586	83,620	144,206	56,617	51,836	108,453	1,070	1,613	1,329
New Mexico	35,245	1,139	36,384	19,379	1,473	20,852	1,818	773	1,744
New York	202,990	595,601	798,591	154,715	252,393	407,108	1,312	2,359	1,961
North Carolina	89,140	67,768	156,908	45,740	37,462	83,202	1,948	1,808	1,885
North Dakota	21,609	693	22,302	14,666	614	15,280	1,473	1,128	1,459
Ohio	166,325	106,194	272,519	120,052	87,564	207,616	1,385	1,212	1,312
Oklahoma	65,253	8,989	74,242	52,606	12,801	65,407	1,240	702	1,135
Oregon	66,975	12,917	79,892	33,932	11,534	45,466	1,973	1,119	1,757
Pennsylvania	92,393	302,277	394,670	56,356	168,137	224,493	1,639	1,797	1,758
Rhode Island	13,024	22,162	35,186	6,624	11,176	17,800	1,966	1,982	1,976
South Carolina	30,609	14,005	44,614	18,250	15,561	33,811	1,677	900	1,319
South Dakota	18,351	4,070	22,421	11,540	4,582	16,122	1,590	888	1,390
Tennessee	54,657	54,026	108,685	44,927	28,781	73,708	1,216	1,877	1,474
Texas	195,586	65,611	261,197	173,367	54,723	228,090	1,128	1,198	1,145
Utah	39,708	15,675	55,383	26,031	14,669	40,700	1,525	1,068	1,360
Vermont	13,036	9,410	22,446	5,132	5,972	11,104	2,540	1,575	2,021
Virginia	87,339	26,843	114,182	41,084	21,237	62,321	2,126	1,264	1,832
Washington	109,488	14,934	124,422	57,231	18,387	75,618	1,913	812	1,645
West Virginia	34,122	6,703	40,825	25,791	8,205	33,996	1,323	816	1,201
Wisconsin	116,612	32,012	148,624	65,953	24,863	90,816	1,768	1,287	1,636
Wyoming	12,062	---	12,062	7,164	---	7,164	1,683	---	1,683
TOTAL	4,076,057	3,261,836	7,337,893	2,618,894	1,600,156	4,219,050	1,556	2,038	1,739

SOURCE: Expenditures for educational and general purposes: "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" and Enrollments: T. N. Gunderson, "Indiana Student Migration for Fall, 1963," for the Indiana Conference of Higher Education (November, 1964).

Table A-6 EXPENDITURES FOR EDUCATIONAL AND GENERAL PURPOSES, STATE POPULATIONS, AND APPROXIMATED EXPENDITURES PER CITIZEN
(By Public, Private, and Total Higher Education and by State, 1963-64)

	Expenditures for Educational and General Purposes (in thousands of dollars)			1963 State Population (in thousands)	Expenditures for Educational and General Purposes Per Citizen		
	Public	Private	Total		Public	Private	Total
Alabama	$61,214	$11,456	$73,570	3,407	$18.0	$3.5	$21.6
Alaska	10,744	987	11,731	250	42.9	3.9	46.3
Arizona	48,058	885	48,943	1,581	30.4	.56	30.9
Arkansas	32,678	6,324	39,002	1,933	16.9	3.3	20.2
California	801,549	438,930	1,240,479	18,084	44.3	24.3	68.6
Colorado	74,346	19,536	93,882	1,966	37.8	9.9	47.7
Connecticut	27,524	70,349	97,873	2,766	9.9	25.4	35.3
Delaware	11,815	1,010	12,825	491	24.1	2.1	26.2
Washington, D.C.	1,715	89,140	90,855	808	2.1	103.2	105.3
Florida	95,022	35,408	130,430	5,705	16.6	6.2	22.8
Georgia	62,934	34,734	97,668	4,294	14.6	8.1	22.7
Hawaii	26,872	1,573	28,445	701	38.3	2.2	40.5
Idaho	16,186	2,799	18,985	692	23.4	4.1	27.5
Illinois	194,069	284,418	478,487	10,489	18.5	27.1	45.6
Indiana	133,068	51,764	184,832	4,825	27.6	10.7	38.3
Iowa	90,972	33,701	124,673	2,756	33.0	12.2	45.2
Kansas	73,101	10,637	83,738	2,225	32.8	4.8	37.6
Kentucky	59,357	16,317	75,674	3,159	18.8	5.2	24.0
Louisiana	69,481	28,548	98,029	3,468	20.0	8.2	28.2
Maine	13,963	10,125	24,088	989	14.1	10.2	24.3
Maryland	67,031	99,730	166,761	3,432	19.5	29.0	48.5
Massachusetts	32,412	382,105	414,517	5,338	6.1	71.6	77.7
Michigan	249,683	41,078	290,761	8,098	30.9	5.1	36.0
Minnesota	107,031	28,771	135,802	3,521	30.4	8.2	38.6
Mississippi	41,743	5,563	47,306	2,314	18.1	2.4	20.5
Missouri	68,861	78,259	147,120	4,409	15.6	17.7	33.3
Montana	19,947	1,722	21,669	705	28.3	2.4	30.7
Nebraska	37,921	13,096	51,017	1,480	25.6	8.8	34.4
Nevada	9,763	---	9,763	408	23.9	---	23.9
New Hampshire	11,887	17,720	29,607	654	18.2	27.1	45.3
New Jersey	60,586	83,620	144,206	6,682	9.1	12.5	21.6
New Mexico	35,245	1,139	36,384	1,008	34.9	1.1	36.0
New York	202,990	595,601	798,591	17,915	11.3	33.2	44.5
North Carolina	89,140	67,768	156,908	4,852	18.4	13.9	32.3
North Dakota	21,609	693	22,302	645	33.5	1.1	34.6
Ohio	166,325	106,194	272,519	10,100	16.5	10.5	27.0
Oklahoma	65,253	8,989	74,242	2,465	26.5	3.6	30.1
Oregon	66,975	12,917	79,892	1,871	35.8	6.9	42.7
Pennsylvania	92,393	302,277	394,670	11,459	8.1	26.4	34.5
Rhode Island	13,024	22,162	35,186	914	14.2	24.2	38.4
South Carolina	30,609	14,005	44,614	2,555	12.0	5.5	17.5
South Dakota	18,351	4,070	22,421	715	25.7	5.7	31.4
Tennessee	54,657	54,028	108,685	3,798	14.4	14.2	28.6
Texas	195,586	65,611	261,197	10,397	18.8	6.3	25.1
Utah	39,708	15,675	55,383	992	40.1	15.8	55.9
Vermont	13,036	9,410	22,446	409	31.9	23.0	54.9
Virginia	87,339	26,843	114,182	4,378	19.9	6.1	26.0
Washington	109,488	14,934	124,422	2,984	36.7	5.0	41.7
West Virginia	34,122	6,703	40,825	1,797	19.0	3.7	22.7
Wisconsin	116,612	32,012	148,624	4,107	28.4	7.8	36.2
Wyoming	12,062	---	12,062	343	35.2	---	35.2
TOTAL	4,076,057	3,261,836	7,337,983	191,334	21.3	17.1	38.4

SOURCE: Expenditures for educational and general purposes: "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" and State Populations: Current Population Reports.

APPENDIX B

DEFINITIONS

The following definitions of items of income and expenditure may be helpful in reviewing Figures 3 and 4, and are taken directly from the U.S. Office of Education, Department of Health, Education, and Welfare, "Higher Education General Information Survey-Financial Statistics of Institutions of Higher Education" (Form OE-2300-4; Washington, D.C.: U.S. Govt. Printing Office, 1967).

INCOME

Governmental Appropriations--all educational and general revenues from governmental sources except funds for sponsored research and other sponsored programs. Includes revenues from all federal agencies including federal funds channeled through state agencies. Also includes revenues from a municipality, county, district, or any other political subdivision within the state.

Tuition and Fees--includes all tuition and fees assessed against students for educational and general purposes. Tuition and fee remissions (not intended to be collected) are also included.

Sponsored Research--includes revenues from governmental agencies or other outside organizations or individuals for specific research projects for which payments are made in accordance with contracts, grants, or other written agreements. Amounts received as allowances or reimbursement for indirect costs are also included.

Organized Activities of Educational Departments--includes the gross revenues of activities organized and operated in connection with instructional departments and conducted primarily to provide an instructional or laboratory training of students. The revenue of other activities of a general educational and cultural nature may also be included.

Other Sponsored Programs--includes revenues for all separately budgeted programs, other than research, which are supported by sponsors outside the institution. Examples are training programs, workshops, training and instructional institutes such as counseling institutes, college work-study programs, and similar activities for which payments are made in accordance with contracts, grants, or other written agreements.

Private Gifts and Grants--includes educational and general revenues given to the institution by any nongovernmental source. Also included is the estimated value of services contributed by members of religious orders. Bequests are also included.

Sales and Services of Educational Departments--includes the incidental revenues of educational departments, such as proceeds from the sale of publications.

Endowment Income--includes all educational and general revenues derived from the earnings of endowment, term endowment, and quasiendowment funds, and income from funds held in irrevocable trusts by others. Land-grant institutions include earnings from federal and state land-grand funds.

EXPENDITURES

Instruction and Departmental Research--includes all resident (not extension) instruction, departmental (not separately organized) research, and the administrative expense for operating these units.

General Administration--General administration, general institutional expense, and student services; includes expenditures for (1) such offices as governing board, president, vice-president, administrative dean of faculties, business office, public relations, student personnel, registration, admission, and placement; (2) such other expenses as auditing, bulletins, catalogs, commencement, convocations, memberships, financial campaigns; and (3) staff benefits not distributed to other budgetary units.

Organized Research--includes sponsored and other separately budgeted research.

Physical Plant Maintenance and Operation--includes expenditures for all facilities except those properly charged to auxiliary enterprises and organized activities relating to instructional departments.

Extension and Public Service--includes educational and other activities designed primarily to serve the general public (for example, correspondence courses, adult and continuing education courses, agriculture extension, and other community services).

Libraries--includes all expenses of general and departmental libraries, such as wages and salaries, binding, books, periodicals, newspapers, other library materials, operating expenses and equipment.

Organized Activities of Educational Departments--includes activities organized and operating in connection with educational departments and conducted primarily as a necessary part of the work of the departments.

Other Sponsored Programs--includes such activities as training institutes and other sponsored activities that are specifically financed by outside sources.

APPENDIX C

TAX CREDIT LAW

The Indiana tax credit law 335 enacted by the 95th Indiana General Assembly states that a contributor to a college or university in Indiana or to the Associated Colleges of Indiana may realize a deduction from state income tax up to 50 percent of his gift. For individuals, the restrictions are that the deduction may not exceed 20 percent of his adjusted gross income tax or $50, whichever is less. In the case of corporations, the credit may not exceed 5 percent of the corporation's total adjusted gross income tax or $500, whichever is less.

The total possible maximum cost to the State of Indiana in loss of revenue due to the effect of the tax credit law, according to a study conducted by Mr. Richard Riggin of the School of Business, Ball State University, could have been $18,284,220 in fiscal 1966. His study reflects an analysis of the data received from the responding schools. Of the maximum possible loss of $18.3 million, individual adjusted gross returns account for the greatest amount, $12,430,200, and the smallest liability, $688,000, is in corporation adjusted gross returns. This statewide maximum cost is figured on the assumption that all eligible for the tax credit would donate to institutions of higher learning at their maximum deductable amount. If they did, the schools would, of course, receive twice that amount in donations--over $36 million.

Although the tax credit law is so new that an analysis of its effect on the giving patterns of Indiana citizens is still difficult to obtain, Mr. Riggin did show that donations in 1966 were far below the maximums possible. In collecting data for his report, Mr. Riggin sent questionnaires

to 34 Indiana institutions of higher learning and received 25 responses. Resident alumni of Indiana institutions contributed a total of $1,590,281 for an over-all average of $73.25 per gift. This figure represented only 12.79 percent of the potential financial assistance available under the tax credit law. Resident nonalumni contributed $597,908 in 4,401 individual donations for an average of $135.85 per gift. Only 4.01 percent of the potential financial assistance was realized in this case. Approximately two-thirds of the total potential financial assistance under the tax credit law is found to come from individual contributors. Resident corporations gave a total of $427,459 in 514 gifts for an average of $831.63 per gift. This total figure represents only 7.30 percent of the potential financial assistance available under the tax credit law by corporations paying gross and adjusted gross corporate taxes.

Chapter 201.

(S. 335. Approved March 10, 1967.)

An act to amend Acts 1963, c. 32 (Spec. Sess.) providing for credits on the adjusted gross income tax for gifts to colleges and universities.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. Acts 1963, c. 32 (Special Session) /is/ amended by adding thereto a new and additional section to be numbered 305 and to read as follows: Sec. 305. (a) At the election of the taxpayer there shall be allowed, as a credit against the adjusted gross income tax imposed by this chapter for the taxable year, an amount (subject to the applicable limitations provided by this section) equal to fifty percent (50%) of the aggregate amount of charitable contributions made by such taxpayer during such year to institutions of higher education located within the State of Indiana and/or to the Associated Colleges of Indiana.

(b) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed--

(1) 20 percent of such taxpayer's total adjusted (gross income tax under this chapter for such) gross income tax under this chapter for such year (as determined without regard to this part), or

(2) $50, whichever is less.

(c) In the case of a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed--

(1) 5 percent of such corporation's total adjusted gross income tax under this chapter for such year (as determined without rights to this part), or

(2) $500, whichever is less.

(d) For purposes of this section, the term "institution of higher education" means only a duly accredited educational institution located within the State of Indiana--

(1) which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on; and

(2) which regularly offers education at a level above the twelfth grade; and

(3) which regularly awards either bachelors, or masters, or doctoral degrees, or any combination thereof.

(e) The credit allowed by this section shall not exceed the amount of the adjusted gross income tax imposed by this chapter for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by this chapter.

(f) Any taxpayer subject to tax under the provisions of the Gross Income Tax Act of 1933 as amended, as well as under the provisions of this chapter may elect to claim the credit allowed by this section or the credit allowed by Sec. 6E of the Gross Income Tax Act of 1933, as amended, but in no event shall a credit be claimed under both sections.

(g) This section shall apply only with respect to taxable years beginning on or after January 1, 1967.

SEC. 2. Whereas, an emergency exists, this act shall take effect immediately upon its passage.